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TODAY: MONEY Investing in Bonds Page 18

Ethiopia And Eritrea Unleash Air Attacks

Asmara Airport Is Hit; Washington Deplores 'Escalation of Dispute'

Reuters

ASMARA, Eritrea — Eritrea and Ethiopia unleashed warplanes on bombing raids against each other on Friday, shattering hopes that a peace formula to quell their border war had been found.

African nations pleaded with two of the continent's poorest countries to halt their escalating conflict, while the United States protested that attacks on the airport in the Eritrean capital endangered foreign nationals as they tried to flee the country.

Eritrean warplanes bombed the northern Ethiopian town of Mekele twice. Witnesses said that dozens of people were killed and more than 100 wounded in the town of 300,000 people, about 150 kilometers north of Addis Ababa. There was no immediate verification of the casualty toll.

Four Ethiopian MiG-23 jets attacked Asmara airport, hitting both the civilian and military parts of the complex.

A Reuters correspondent at the scene said one Ethiopian plane was downed by Eritrean gunfire during the raid. A Zambian cargo aircraft parked on the runway was also hit.

Earlier in the day, the Eritrean government had appeared to cautiously accept an international four-point plan to settle its bloody border quarrel with Ethiopia.

The government of Eritrea said in a statement that "there are still serious issues of detail and implementation that need to be worked out in the period ahead."

The plan, brokered by diplomats from the United States and Rwanda, called for troops from Ethiopia and Eritrea to withdraw from disputed territory, for an observer force to be deployed, for the return of civilian administration to disputed areas and for an investigation into the roots of the conflict.

Prime Minister Meles Zenawi of Ethiopia said Thursday that his government had accepted the plan.

Ethiopia and Eritrea have argued peacefully over their border for years, but the dispute turned violent on May 6, with each side accusing the other of invading.

The border dispute centers on a

See ERITREA, Page 4

French Strikes Snarl Travel; German Probe Slows Trains

France struggled through travel misery on Friday as a crippling pilots' strike dragged on for a fifth day and a train workers' walkout caused more delays.

France's SNCF railways said that train services should improve over the weekend as personnel returned to work after a 36-hour walkout.

SNCF said it would have normal service on almost all its TGV high-speed lines, but it warned that there could still be some lingering disturbances on the heavily traveled Paris-Lyon line.

Other main line services should be normal everywhere but in some areas of southern France.

In Germany, delays were expected in about 30 of Germany's main rail stations after many of the high speed trains of the same model that crashed this week were withdrawn for safety checks, the rail company Deutsche Bahn said.

The company will distribute leaflets to passengers proposing alternate routes, but they will not be as fast as the Inter-City Express trains and may require changing trains, involving delays of about a half hour. Page 2.

Reinhard Krause/Reuters

A German policeman searching through the jacket of a train-disaster victim in Eschede as work on identifying the dead continued.

VW Wins Battle For Rolls-Royce

BMW, Its Bid Thwarted, Vows To Stop Supply of Engine Parts

By Tom Buerkle
International Herald Tribune

LONDON — The eight-month-long battle for control of Rolls-Royce Motor Cars Ltd. ended in victory for Volkswagen AG on Friday, ensuring that the automotive world's premier luxury brand and a venerable British institution would pass to the German producer of the people's car.

Volkswagen's £430 million ($704 million) offer won overwhelming approval from the shareholders of Rolls-Royce's parent, Vickers PLC, frustrating a rival bid from Bayerische Motoren Werke AG as well as a group of Rolls-Royce owners who failed to put a credible offer on the table.

It was a victory for cold, hard cash over patriotic sentiment. The four-hour extraordinary shareholder meeting was dominated by a barrage of complaints from small investors about the loss of British control over Rolls-Royce, whose 92-year tradition of quality craftsmanship and exclusivity represents the best of British industry for many in this country.

Michael Shrimpton, a barrister who led the buyout attempt by Rolls-Royce owners, called the sale "a tremendous blow to our national prestige."

Another spoke ominously of a transition to the "Rollswagen," an implication of inferior quality that now stands as one of the acquirer's biggest challenges to overcome.

But the emotional appeals proved useless. The issue had been decided even before the proceedings began by the pension funds, insurance companies and other institutional shareholders who hold the vast majority of Vickers' shares. They voted by proxy by a margin of more than 40 to 1 to go with Volkswagen, which offered £90 million more cash than BMW.

Those institutional shareholders accepted the advice of Sir Colin Chandler, the Vickers chairman. After recalling how losses at Rolls-Royce had brought Vickers to the verge of collapse in the early 1990s, Sir Colin argued that the car company's future could be assured only in the hands of a global powerhouse with deep pockets and technological expertise. And he stressed Volkswagen's stated commitment to maintain production at the company's plant in Crewe, England. "It's location that counts, not ownership," Sir Colin said.

Graham Morris, the chief executive of Rolls-Royce, said, "We would love to stay British, but we have to be realistic."

"For the 2,500 people who work at Crewe, this is the alternative," he said, referring to the Volkswagen offer.

With the vote, Rolls-Royce will follow makes like Jaguar, MG, Aston Martin, Rover and Vauxhall into foreign ownership. There are no major independent car manufacturers left in British hands. The sale leaves Vickers to concentrate on its remaining businesses of marine propulsion systems and building tanks.

In Germany, a spokesman for Volkswagen welcomed the decision and promised that the company would carry on the Rolls-Royce tradition of quality and exclusivity. "We intend to preserve all these characteristics and help the company to maintain and build on its well-established reputation as the maker

See ROLLS, Page 4

Neil Munns/The Associated Press

Mr. Morris, Rolls-Royce's chief executive: "We have to be realistic."

India Assails Big Powers on Treaties

It Says They Condone Violations of 'Deeply Flawed' Nuclear Pacts

Compiled by Our Staff From Dispatches

NEW DELHI — India accused the five major nuclear powers on Friday of condoning violations of the Nuclear Nonproliferation Treaty and rejected their criticism of a series of nuclear tests that precipitated a riposte by Pakistan.

A statement from the Foreign Ministry repeated India's position of demanding nuclear disarmament by all world powers. It asserted that existing nuclear treaties were "deeply flawed and discriminatory" and "legitimized the possession of nuclear weapons by a few countries."

It rejected outside mediation over Kashmir, which has caused two wars between India and Pakistan.

By contrast, the Pakistan government issued a statement in Islamabad voicing "satisfaction" with disarmament talks in Geneva and saying they showed that the global community recognized the urgency of addressing security issues in South Asia, especially Kashmir.

Pakistan promised to act responsibly but said it would not allow itself to fall behind India.

"While we will not provoke escalation, our responses will be carefully calibrated to respond to any provocation or escalation by India," Pakistan said.

But in its first response to Thursday's statement by the United States, China,

Miscalculation is feared in a Kashmir confrontation. Page 7.

Russia, Britain and France, India's Foreign Ministry also said, without naming China or Pakistan:

"The clandestine transfer over the years of nuclear weapons technology and fissile material to our neighborhood is well known."

India asserted that the big powers "are not unaware that one of the most serious threats to our security has arisen because of the nonobservance of the obligations they have undertaken" under the nonproliferation treaty.

"Nevertheless," the Indian statement said, the five major powers "have declined to take any action to address a serious violation of a treaty provision to which all of them were party."

It said India had not violated any treaty provisions it had undertaken.

"Our tests are not directed against any country," the statement said. "We have not raised tensions nor do we intend to do so. India remains strongly committed to a comprehensive, universal and nondiscriminatory global nuclear disarmament regime."

Foreign ministers of the five big states, meeting in Geneva on Thursday, called on India and Pakistan to "stop all further such tests" and refrain from

See INDIA, Page 7

Motorola, Hit Hard by Asia, To Eliminate 15,000 Jobs

Compiled by Our Staff From Dispatches

CHICAGO — A day after announcing it would eliminate 15,000 jobs, Motorola Inc., the world's top cellular phone maker, issued a tough warning Friday about hard times ahead in the semiconductor industry because of Asia's economic crisis.

Motorola, also a leading chip maker, said its failure to meet earnings forecasts was due to a drop in semiconductor sales caused by the Asian downturn.

Late Thursday, Motorola announced that it would eliminate 15,000 jobs, or 10 percent of its work force, and take a $1.95 billion charge against second-quarter earnings, the direst indicator yet of tough times in the semiconductor industry.

Motorola also warned Wall Street that it would report an operating loss for the second quarter, its first such plunge into the red since the semiconductor industry's slump of 1985.

The chief executive, Christopher Galvin, in a rare appearance on a conference call with analysts Friday, said that he was "extraordinarily cautious" about the computer-chip business for 1998 and expected steep price erosion. The company also said it expected a loss in its paging business.

"Some people have downplayed Motorola's repeated earnings disappointments because of the problems in their communications businesses, but this clearly shows the semiconductor industry is suffering from overcapacity exacerbated by the economic crisis in

See MOTOROLA, Page 4

3 Swiss Banks Said to Offer A Settlement

By David E. Sanger
New York Times Service

WASHINGTON — Switzerland's three major commercial banks have offered a settlement totaling more than $1 billion to end suits brought by Holocaust victims and their survivors who contend that the banks failed to return their assets after World War II, according to people familiar with the negotiations.

The offer was made late last week, days before the New York State Banking Department was scheduled to decide whether to approve the merger of the New York branches of two of the banks, the Union Bank of Switzerland and the Swiss Bank Corp., to form the world's third-largest bank.

The Banking Board approved the merger on Thursday, after declaring that the Swiss institutions had undergone a "sea change in their attitude" and had opened long-secret records that enabled bank inspectors to trace accounts that had been dormant.

The World Jewish Congress, a pivotal negotiator in the tense talks between the banks and Holocaust survivors, offered no objections Thursday, another sign that settlement negotiations are making rapid progress.

Negotiations between those two banks and the third, Credit Suisse, as

See BANKS, Page 4

Physics Abuzz: Neutrinos Have Mass

By Malcolm W. Browne
New York Times Service

TAKAYAMA, Japan — In what colleagues hailed as a historic landmark, 120 physicists from 23 research institutions in Japan and the United States announced Friday that they have found the existence of mass in a notoriously elusive subatomic particle called the neutrino.

The neutrino, a particle that carries no electric charge, is so light that it was assumed for many years to have no mass at all. After the announcement, cosmologists will have to confront the possibility that much of the mass of the universe is in the form of neutrinos. The discovery will also compel scientists to revise a highly successful theory of the composition of matter known as the Standard Model.

Word of the discovery had drawn about 300 physicists here to discuss neutrino research. Among other things, they said, the finding of neutrino mass might affect theories about the formation and evolution of galaxies and the ultimate fate of the universe. If neutrinos have sufficient mass, their presence throughout the universe would increase the overall mass of the universe, possibly slowing its present expansion.

But others said the newly detected but as yet unmeasured mass of the neutrino must be too small to cause cosmological effects. Whatever the case, there was general agreement here that the discovery will have far-reaching consequences for the investigation of the nature of matter.

Speaking for the collaboration of scientists who discovered the existence of neutrino mass using a huge un-

See NEUTRINO, Page 4

18 Decks of Outsized Fun

World's Largest Liner Sets a Grand Trend

By Alessandra Stanley
New York Times Service

VENICE — The Grand Princess — twice the size of the Titanic — sailed into port and seemed to eclipse even the cupola of St. Mark's Cathedral. As passengers spilled out to inspect the canals of Venice, most of Venice stared, awestruck, at the world's largest cruise ship.

"It's the newest and the biggest," Marguerite Salomone of Monterey, California, said, explaining why she and her husband, Alfonso, had signed up a year in advance for a 12-day Mediterranean cruise on an untested ship carrying 2,600 passengers.

"Anything new is always better." She paused. Then, looking at the quarter-mile walk to the elevator, she added, "I'm not sure bigger is better, though."

But that is exactly what Princess Cruises' parent company, Peninsular & Oriental Steam Navigation Co. of Britain, is betting on. It has ordered two sister ships for the Grand Princess, which will also be able to carry 109,000 gross tons, from the Italian shipbuilding company Fincantieri.

One of P&O's chief rivals, Royal Caribbean, plans to launch two even larger ships next year that will each carry 136,000 tons and accommodate 3,100 passengers. Until the launching of the Grand Princess, the biggest cruise ship ever built had a carrying capacity of 101,000 tons.

Walt Disney Co. has also ordered two huge cruise ships from Fincantieri, whose shipyards are so busy that deliveries were delayed this March, forcing the company to cancel all its cruises for four months and offer refunds to about 90,000 people.

The cruise industry, lifted first by the hit television show "The Love Boat" and more recently by the movie "Titanic," has calculated that bigger ships provide economies of scale. And it thinks it can draw in more passengers with ever more varied and baroque forms of entertainment.

The Grand Princess, which cost $450 million and is 50 feet taller than the Statue of Liberty, has three grand dining rooms, seven casual restaurants and cafés and 12 bars. It has three theaters offering a dizzying mix of cabaret and Las Vegas-style variety shows and comedy acts, a discotheque with a glass skywalk, a casino, four swimming pools, miniature golf and a game room with virtual-reality rides, including deep-sea exploration.

It is less a ship than a floating amusement park; the strongest hint that it is a descendant of the old stately ocean liners are the rarely used shuffleboard sets on a few of its 18 decks. Most of the passengers are repeat customers lured by novel amenities, not by Leonardo Di Caprio, the star of "Titanic."

"Our clients signed up long before the

See SHIP, Page 4

AGENDA

Fayed Calls Diana's Mother A 'Snob' and 'Bad Parent'

PARIS (Reuters) — Mohamed al Fayed, the father of Dodi al Fayed who died with Diana, Princess of Wales, in a Paris car crash, bitterly attacked Diana's mother, Frances Shand Kydd, on Friday, calling her an English snob and a bad parent.

"She's not a good mother," the Egyptian businessman said as he left an all-day questioning session conducted by the French judge investigating the Aug. 31 accident.

"She can go to hell!" he shouted, adding that Mrs. Shand Kydd had deserted Diana when her daughter was just 6. "She didn't give a damn about her."

Mr. al Fayed, who owns Harrod's department store in London and the Ritz Hotel in Paris and has been denied British citizenship, unleashed his verbal assault when asked if he had spoken to her during the day's questioning.

"People like that are on another planet," he said, blaming her "English snobbishness." Page 5.

Remy del la Mauviniere/The Associated Press

Mohamed al Fayed gesturing after the hearing into Diana's death recessed Friday in Paris.

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The IHT on-line www.iht.com

The Dollar

New York	Friday @ 4 P.M.	previous close
DM	1.7743	1.768
Pound	1.6347	1.6369
Yen	139.75	138.45
FF	5.9495	5.929

The Dow

change	Friday close	previous close
+167.15	9037.71	8870.56

S&P 500

change	Friday @ 4 P.M.	previous close
+19.03	1113.86	1094.83

Spurt of Job Growth Buoys U.S. Markets

The American economy unexpectedly churned out nearly 300,000 new jobs in May, holding the unemployment rate at a 28-year low of 4.3 percent, the U.S. Labor Department said Friday.

Stocks and bonds rose sharply after the report, which also showed wages rising at a tame pace. The unemployment rate matched April's and was the lowest since February 1970. Page 11.

Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 QR
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1,100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 Ptas
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

Air France Strike May Run Into World Cup Opening

By Barry James
International Herald Tribune

PARIS — Three-fourths of Air France flights will remain grounded at least until Monday as negotiators seek agreement with striking pilots, the airline said Friday.

Making it likely that the strike would spill over into the opening of the World Cup soccer tournament, the airline said it would take up to 72 hours to get its aircraft into place to resume normal service, even if an immediate agreement is reached.

With both pilots and some railroad workers on strike Friday, taxi drivers and ground staff at Charles de Gaulle airport near Paris notched up travelers' misery with wildcat strikes that caused long delays, inconvenience and missed flights.

Most of the Air France fleet remained grounded for the fifth day as pilots' representatives prepared for a fourth and perhaps decisive meeting with management late Friday.

Air France said services would remain severely disrupted through Monday, with about 25 percent of normal services. It said it would operate a minimum service from Paris to Brest, Bordeaux, Montpellier, Marseilles, Nice, Pau, Basle/Mulhouse, Toulouse and Lyon. Normal service was scheduled for Corsica.

The airline said it would also maintain flights to Birmingham, Glasgow, Newcastle, Southampton, Cologne, Brussels, Florence and Stuttgart.

Over the weekend, Air France said it would maintain one-quarter of its long-range flights, including daily Concorde flights.

Although the pilots and the management both appeared to have conceded some important principles, the negotiations remained mired in complexity after an all-night session that ended at dawn Friday. "I'm afraid we may have to start again from zero," said Christian Paris, a leader of the SNPL, the union representing the majority of the 3,200 Air France pilots.

The Air France pilots were resisting a management demand to reduce the payroll by 500 million francs a year, but they appeared to have accepted the principle of swapping salary for shares in the company when it is partly privatized later this year.

The pilots have also rejected a plan to pay new hires less than existing cockpit crew. The chief negotiator for the Air France pilots, Jean-Charles Corbet, has said that it could be dangerous to have in the same cockpit, "a captain who drives a Jaguar and a copilot who has problems making ends meet."

Those who managed to get bookings on the limited number of Air France flights Friday, or with other companies, faced such chaos and delays on the ground that some passengers missed their planes after taking more than three times longer than usual to reach the airport.

Taxi drivers protesting their working conditions — including, ironically, traffic jams at the airport — blocked access roads to the terminals. Passengers who took the train found no buses to convey them to the terminals, and they had to go on foot, winding through the snarled traffic, honking buses, marching strikers and mountains of baggage.

When they got to the terminals, they found conditions steamy and malodorous — the technicians responsible for the air conditioning and the workers who clean the restrooms were on strike. So were the personnel responsible for maintaining the runway lights.

Airlines used office staff to unload baggage from aircraft, while passengers had to carry their own baggage to departure lounges. The association representing the 60 airlines operating from the airport protested the walkout by the baggage handlers and technical staff employed by the Paris airport authority. It said that passengers were taking three hours or more to get from Paris to the airport, and that conditions at the airport were chaotic.

Passengers might have preferred to have taken the train — but then they would have faced another set of difficulties. A strike by ticket inspectors meant that on many lines, two trains out of three were canceled. High-speed services to London, Brussels and Switzerland operated normally, however.

The cascade of strikes and labor unrest presented a sorry picture of a country that plans to use the World Cup as a showcase for French modernity, efficiency and civility. But the lack of any legally enforceable cooling-off period for strikes allowed groups of workers — like the pilots, who receive higher pay than at rival European airlines — to hold the nation ransom.

Nonetheless, the impact on the World Cup might, after all, be limited. Air France, the official carrier for the tournament, said it would meet its commitment to transport teams around the 10 towns involved in the event. The state railway company says it has enough capacity to transport all the supporters.

Broken-Wheel Theory in German Crash Gains Credence

By Alan Cowell
New York Times Service

BONN — With rescue efforts virtually ended Friday after Germany's worst train crash in more than 50 years, officials said the death toll stood at 96 people killed in an accident so gruesome that most of the bodies were mutilated beyond identification.

Inter-City-Express 884 slammed into a steel-reinforced concrete overpass at 200 kilometers an hour (125 miles an hour) on Wednesday in the north German town of Eschede.

Rescue officials said Friday that there was an increasing belief among investigators that a broken wheel flung the train from the tracks as it passed over a switch just before it hit the road overpass.

Investigators on Thursday found damage to the tracks about six kilometers south of the crash, suggesting that the wheel broke at that point.

Veit Steinle, a spokesman for the Transport Ministry in Bonn, said investigators had discovered debris along the track before the overpass, and there was evidence that the train had finally swayed out of control about 300 meters before Eschede.

Officials, however, said it could take weeks or months before an official inquiry reports on the cause of the crash.

Klaus Wurster, a rail expert from Technical University, in Berlin, told German television that the failure in the wheel was "completely inexplicable" because the rolling gear of the Inter-City-Express trains is routinely checked by ultrasound examination every four days. The stricken train had been inspected the day before it crashed, railroad officials said.

Rescue officials in Eschede said Friday that only 19 of the dead had been formally identified. Even traditional methods of identification — such as using dental records — were proving impossible because of extensive head injuries. The police say they want to spare relatives the grisly experience of seeing the mangled bodies until the authorities are sure of their identities.

German authorities withdrew 60 of the 104 high-speed Inter-City-Express trains from service Thursday so that they could be inspected for fatigue in their undercarriages. Ten of them returned to service Friday.

The withdrawal of the trains left Germany's vaunted rail service in chaos, with some trains canceled altogether and others facing delays.

German Rail took out full-page advertisements in newspapers Friday saying: "We mourn the dead in Eschede and we wish to extend our most profound sympathies to the injured and relatives of the victims."

Some people in Hamburg — the scheduled destination of Inter-City 884 from Munich — and in Hannover, 50 kilometers south of the wreck, placed flowers by the tracks.

In Eschede, rescue officials said the last of the debris on the tracks would be removed by midevening. The derailed train brought hundreds of tons of concrete crashing down on it, and rescue officials have fought for two days to remove the debris.

■ Japan Inspects Trains

The East Japan Railway Co., the largest Japanese railroad, is carrying out emergency inspections of the wheels and axles of all its 1,100 bullet train cars following the deadly train crash in Germany, The Associated Press reported from Tokyo.

U.S. Takes New Look at Amtrak Trains

Washington Post Service

WASHINGTON — The deadly crash of a German high-speed train has prompted American officials to reassess the safety of new Amtrak trains scheduled to go into service late next year, bringing 150-mile-per-hour (240-kilometer-per-hour) speeds on the run from Washington to New York and Boston.

The National Transportation Safety Board said it would send observers to the scene, and its chairman, Jim Hall, said the board "hopes we may learn vital lessons from yesterday's tragedy."

U.S. safety and crash-worthiness standards for passenger trains are much more stringent than European standards for a variety of historical and political reasons. Current U.S. passenger cars can withstand far greater crash forces than the German Inter-City Express trains, and the new Amtrak trains will tighten the standards even further. It is unlikely a U.S.-built train would shred open to the extent of the German train, experts said.

But Robert Lauby, head of the safety board's rail division, said the board also wanted to learn from the German wreck how to prevent failures that can lead to derailments.

Early next year, Amtrak is scheduled to get the first of 18 new electric high-speed train sets for testing. The first is scheduled to go into service between Washington and Boston in October 1999, with the final set to be delivered in June of 2000.

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Back to School for Air Controllers After Close Call

By Don Phillips
Washington Post Service

WASHINGTON — Federal regulators have ordered the retraining of 10,000 air traffic controllers nationwide after two passenger jets came as close as 20 feet from hitting each other over La Guardia Airport in New York City.

The previously unreported incident on April 3 and an increase in controller errors nationwide prompted the Federal Aviation Administration to order mandatory proficiency training for controllers working in airport towers and handling takeoffs and landings, said Ronald Morgan, the agency's acting associate administrator for air traffic services.

There are 18,000 air traffic controllers nationwide.

Investigators said their inquiry had convinced them that it was nearly a miracle the two jets did not collide. An Air Canada Airbus A320 jet, taking off from La Guardia, flew directly over a US Airways DC-9 jet as it broke off a landing attempt.

Federal officials were unaware for weeks of the seriousness of the incident because La Guardia tower personnel failed to report it and a complaint by a pilot in one of the jets was lost at a regional office of the Federal Aviation Administration.

Details of the near-collision emerged internally over several weeks only after passengers on the planes complained, the agency said. A tower supervisor was removed from duty but has been reinstated after training.

The National Transportation Safety Board has begun an investigation of the incident.

A May 12 memo to all regional air traffic managers ordered a minimum of two hours of training for controllers who are certified or doing on-the-job training in the "local controller" position in airport towers, with emphasis on rules regarding control of aircraft in the immediate airport area and on the ground. The training must include local practices and procedures, which may have been violated at La Guardia.

The incident took place in clear weather when a controller cleared the Air Canada plane to take off to the northwest on Runway 31 while the US Airways plane was approaching from the east to land on Runway 22.

Mr. Morgan said the controller realized the two planes would come too close to each other and ordered the US Airways plane to abort its landing when it was about half a mile from the end of the runway.

"A review of the incident showed that the local controller waited too long to make the decision to issue the go-around instruction," Mr. Morgan said in the memo to regional managers.

BRIEFLY

Franco Castano/The Associated Press

SPECIAL ROUTE — Valentina Vallefuoco, a Naples bus driver, drove Friday to her wedding.

Greece Hails Talks With Turks

ATHENS — Greece said Friday that recent talks between its military officials and counterparts from Turkey appeared to have eased the immediate potential for a clash over the Aegean Sea.

"We have seen a lowering of tension," Alternate Foreign Minister George Papandreou said. "These have helped."

Greece frequently accuses Turkey of violating its airspace in the region, while Turkey has questioned the sovereignty of some Greek islands.

The two countries almost went to war over uninhabited islets in 1996 and were only pulled back from the brink by U.S. diplomacy.

Concerned that two alliance members could start fighting each other, the NATO secretary-general, Javier Solana, has been pushing both sides to agree on measures ensuring no clashes. *(Reuters)*

Swiss Give UN a Landmark

GENEVA — In an opulent ceremony, the Swiss government handed over to the United Nations on Friday the first headquarters of the League of Nations, its forerunner.

The Palais Wilson, named for President Woodrow Wilson and fresh from a costly face-lift, will house the luxurious offices of the UN high commissioner for human rights, Mary Robinson, and her 200 staff. *(Reuters)*

Italian Sees Gains On Stability

ROME — Italy still faces the risk of slipping toward an early general election if ruling coalition and opposition forces fail to agree on constitutional reform, the speaker of the lower house of parliament, Luciano Violante, said Friday.

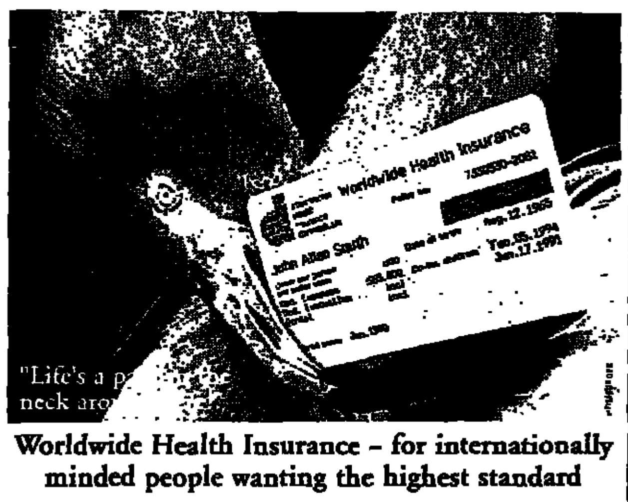
Mr. Violante said, however, that he was sure the drive to reform a political system that had produced 55 governments since World War II would now succeed.

A discussion on presidential powers — the issue that brought the reform process to a halt — will resume next Wednesday. *(Reuters)*

Russians Are Urged to Adopt

MOSCOW — Russia's lower house of Parliament, the Duma, approved a bill Friday to encourage Russians to adopt more children and to tighten control over foreign adoptions.

The Duma voted, 337 to 0, in favor of the bill, which needs to be approved by the upper house and President Boris Yeltsin before it becomes law. Adoptions by foreigners have come under criticism over abuses. *(AP)*



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TRAVEL UPDATE

Strike Call on London Underground

LONDON (AP) — London Underground workers have called a 48-hour strike in an attempt to gain assurances over the government's move to privatize parts of the subway system. Members of the Rail, Maritime and Transport unionincluding drivers and station staff, will strike starting at 6:29 P.M. on June 14. The union predicted that the strike would halt all service.

Harare Accepts Hong Kong Passport

HONG KONG, June 5 (AFP) — Zimbabwe has granted visa-free access to holders of Hong Kong Special Administrative Region passports, becoming the 48th country to accept the travel document issued when Chinese rule began last year.

A computer glitch at an air-traffic control center delayed flights Friday at the New York area's major airports. *(AP)*

Peter G. Catranis
Senior Trader

Free Reports
The Risks And Rewards
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WEATHER

Europe

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Algarve	21/70	14/57	sh	24/75	18/64	s
Amsterdam	26/79	17/62	r	21/70	11/52	pc
Ankara	21/70	7/44	c	19/66	11/52	r
Athens	28/82	19/66	s	27/80	19/66	s
Barcelona	21/70	16/61	sh	21/70	14/57	c
Belgrade	34/93	19/66	s	35/95	19/66	s
Berlin	34/93	23/73	pc	34/93	19/66	s
Brussels	28/82	17/62	t	21/70	11/52	c
Budapest	33/91	21/70	s	34/93	22/71	pc
Copenhagen	20/68	18/64	sh	27/80	16/61	r
Costa Del Sol	22/71	16/61	pc	24/75	17/62	pc
Dublin	18/64	11/52	r	17/62	12/53	sh
Edinburgh	15/59	12/53	r	17/62	9/48	r
Florence	32/89	18/64	s	29/84	18/64	sh
Frankfurt	36/97	22/71	pc	36/97	19/66	s
Geneva	28/82	16/61	c	19/66	10/50	r
Helsinki	14/57	4/39	pc	19/66	17/62	c
Istanbul	26/79	16/61	pc	27/80	17/62	pc
Kiev	25/77	15/59	pc	27/80	17/62	pc
Las Palmas	26/79	19/66	s	26/79	19/66	s
Lisbon	21/70	13/55	c	23/73	17/62	s
London	24/75	11/52	pc	21/70	13/55	pc
Madrid	23/73	14/57	c	26/79	13/55	c
Mallorca	23/73	16/61	pc	24/75	14/57	pc
Milan	31/88	15/59	pc	26/79	17/62	sh
Moscow	22/71	10/50	s	21/70	14/57	c
Munich	30/86	16/61	s	29/84	14/57	t
Nice	25/77	18/64	c	22/71	17/62	r
Oslo	18/64	12/53	c	17/62	11/52	r
Paris	24/75	14/57	sh	19/66	9/48	c
Prague	32/89	18/64	pc	32/89	17/62	s
Reykjavik	9/48	4/39	pc	9/48	3/37	pc
Riga	16/61	15/59	r	28/82	20/68	c
Rome	31/88	18/64	s	28/82	18/64	c
St. Petersburg	15/59	7/44	pc	20/68	18/64	pc
Stockholm	13/55	7/44	pc	18/64	17/62	r
Strasbourg	32/89	18/64	pc	21/70	11/52	r
Tallinn	14/57	6/43	c	19/66	17/62	sh
Tbilisi	26/79	18/64	sh	30/86	18/64	pc
Venice	31/88	21/70	s	28/82	19/66	pc
Vienna	32/89	21/70	s	32/89	20/68	s
Warsaw	28/82	18/64	s	33/91	20/68	s
Zurich	29/84	17/62	s	22/71	12/53	r

Middle East

Abu Dhabi	45/113	30/86	s	43/109	27/80	s
Beirut	26/79	20/68	s	23/73	17/62	s
Cairo	32/89	20/68	s	35/95	18/64	s
Damascus	28/82	11/52	s	32/89	12/53	s
Jerusalem	26/79	11/52	s	27/80	12/53	s
Luxor	43/109	18/64	s	44/111	20/68	s
Riyadh	41/106	26/79	s	42/107	27/80	s

Africa

Algiers	24/75	12/53	pc	24/75	13/55	pc
Cape Town	13/55	3/37	pc	10/50	1/34	c
Casablanca	21/70	14/57	pc	21/70	17/62	pc
Harare	31/88	14/57	s	32/89	13/55	s
Lagos	30/86	23/73	pc	29/84	23/73	sh
Nairobi	22/71	16/61	r	22/71	15/59	r
Tunis	30/86	20/68	c	25/77	18/64	sh

Forecast for Sunday through Tuesday, as provided by AccuWeather.

North America
Chance of a shower or thunderstorm in the Northeast Sunday, then sunshine and pleasant Monday and Tuesday. Plenty of sunshine in the Midwest Sunday and Monday, then a thunderstorm possible Tuesday. Mild in the Northwest Sunday and Monday, then cooler with a shower or two Tuesday.

Europe
Turning much warmer in Madrid Sunday through Tuesday with sunshine. Thunderstorms will break the heat on Sunday in Berlin, but it will warm up again by Tuesday. High heat and humidity in Rome will ease somewhat by Tuesday, but it will remain warm. Becoming quite warm in Moscow.

Asia
Very hot over western India Sunday through Tuesday with plenty of sunshine. Monsoon rain will dampen the southern tip of India. Storms coming off the coast of China will keep southern Japan wet. Mostly dry and warm in Beijing, Seoul and Shanghai, though there could be a thundershower.

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, W-Weather.

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Asia

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Almaty	27/80	15/59	sh	28/82	14/57	c
Bali	33/91	22/71	pc	32/89	22/71	pc
Bangkok	34/93	27/80	sh	33/91	27/80	r
Beijing	29/84	19/66	pc	26/79	21/70	r
Bombay	34/93	27/80	pc	33/91	27/80	pc
Calcutta	40/104	28/82	s	39/102	28/82	s
Chiang Mai	34/93	23/73	sh	32/89	23/73	sh
Colombo	29/84	25/77	pc	29/84	25/77	pc
Hanoi	30/86	27/80	r	32/89	27/80	sh
Ho Chi Minh	33/91	25/77	sh	33/91	24/75	pc
Hong Kong	26/79	24/75	r	27/80	25/77	r
Islamabad	43/109	24/75	s	44/111	26/79	s
Jakarta	31/88	24/75	r	31/88	24/75	r
Karachi	38/100	27/80	s	37/98	25/77	s
K. Lumpur	33/91	24/75	pc	32/89	24/75	pc
K. Kinabalu	33/91	24/75	c	32/89	24/75	pc
Manila	33/91	24/75	pc	33/91	24/75	pc
New Delhi	43/109	29/84	s	44/111	29/84	s
Phnom Penh	33/91	24/75	sh	32/89	24/75	r
Phuket	34/93	27/80	sh	33/91	27/80	r
Rangoon	32/89	25/77	sh	32/89	25/77	r
Seoul	22/71	10/50	pc	23/73	13/55	s
Shanghai	23/73	14/57	pc	23/73	16/61	s
Singapore	32/89	23/73	c	32/89	22/71	pc
Taipei	24/75	20/68	r	27/80	19/66	c
Tokyo	23/73	16/61	sh	21/70	16/61	c
Vientiane	31/88	23/73	r	31/88	22/71	r

North America

Anchorage	15/59	12/53	c	24/75	13/55	pc
Atlanta	29/84	17/62	pc	26/79	15/59	t
Boston	21/70	10/50	pc	18/64	9/48	pc
Chicago	18/64	8/46	pc	18/64	6/43	pc
Dallas	29/84	17/62	pc	27/80	19/66	pc
Denver	18/64	9/48	pc	24/75	9/48	pc
Detroit	19/66	9/48	pc	18/64	7/44	pc
Honolulu	28/82	21/70	pc	30/86	22/71	pc
Houston	29/84	21/70	t	30/86	21/70	pc
Los Angeles	23/73	16/61	pc	22/71	13/55	pc
Miami	33/91	26/79	pc	32/89	24/75	pc
Minneapolis	19/66	7/44	pc	18/64	8/46	pc
Montreal	17/62	8/46	sh	17/62	7/44	sh
Nassau	32/89	24/75	s	32/89	24/75	pc
New York	22/71	13/55	s	21/70	12/53	pc
Orlando	34/93	23/73	pc	32/89	22/71	pc
Phoenix	38/100	22/71	s	38/100	21/70	s
San Fran.	21/70	12/53	sh	19/66	12/53	sh
Seattle	23/73	13/55	pc	24/75	13/55	pc
Toronto	14/57	2/35	sh	14/57	2/35	pc
Vancouver	21/70	14/57	pc	24/75	14/57	pc
Washington	22/71	13/55	s	22/71	11/52	t

Latin America

Buenos Aires	17/62	12/53	sh	19/66	8/46	pc
Caracas	29/84	22/71	pc	29/84	23/73	pc
Lima	23/73	17/62	s	22/71	17/62	s
Mexico City	29/84	13/55	pc	26/79	13/55	pc
Rio de Janeiro	22/71	14/57	s	22/71	18/64	s
Santiago	12/53	2/35	c	13/55	3/37	c

Oceania

Auckland	15/59	13/55	pc	19/66	17/62	r
Sydney	22/71	12/53	pc	14/57	5/41	pc

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Supreme Court Ruling: Hard Choices for Starr

Timing of Report Becomes a Key Issue

By Stephen Labaton
New York Times Service

WASHINGTON — The Supreme Court's refusal to intervene quickly in the legal fight between Kenneth Starr and President Bill Clinton in the independent-counsel investigation means that Mr. Starr now faces an unpalatable set of choices.

Earlier this week, Mr. Starr hinted for the first time that he was considering making an impeachment referral to Congress, which would then be forced to consider whether to exercise its authority to remove the president.

But Mr. Starr and his aides have said that they would follow Justice Department guidelines that discourage seeking indictments as an election nears. Now, with the Supreme Court's decision to put to an appeals court the question of whether a top Clinton aide and several Secret Service agents can be compelled to testify, Mr. Starr's options for delivering an impeachment report may be dictated by the political calendar.

Mr. Starr must decide whether to file a report in the next few weeks that would be incomplete — because it would not take account of testimony he thinks could be crucial to his case — or wait until after Election Day, when his recommendation could have far less political resonance for a new Congress and a president in his final two years.

Moreover, if he decided to file a report now, Mr. Starr could jeopardize any criminal prosecutions that his office might seek, by prompting Congress to begin its own inquiry, and taking such steps as offering immunity to certain witnesses.

As a practical matter, the window for making an impeachment referral, which Mr. Starr hinted he might do in his filing this week seeking the Supreme Court's expedited review, will close by the end of August.

[Moving quickly, the U.S. Court of Appeals agreed Friday to consider this month the legal disputes on Bruce Lindsey, a deputy White House counsel, and three Secret Service employees, all of whom have been called to testify before the grand jury, The Associated Press reported. The court set oral argument for the week of June 29, and told both sides to have written briefs filed before then by the Clinton administration and by Mr. Starr.]

But even if the court honored their request, the final decision, assuming it went to the Supreme Court again after the appeals court ruled, would not come before Election Day, because the high court will recess this month and not return until October.

On Capitol Hill, where the year has been dominated by anxieties over impeachment proceedings, the court's ruling did little to resolve the central uncertainty that has hung over the session: how the president's legal problems will affect the battle for control of the House.

Some deplored the decision and the impetus it gave for more delay.

"I think it's unfortunate," said Representative Robert Livingston, Republican of Louisiana. "I think we need to accelerate this thing. Let's get the truth out."

Seeing how little Mr. Clinton's public standing had been harmed by the allegations that he had a relationship with Monica Lewinsky and sought to cover it up, some Republicans have been fearful that an impeachment inquiry could backfire on them at the polls.

"If a report came to us that was ambiguous and it didn't have enough substance for us to pursue, it would not be helpful," said Representative John Linder, the Georgian who heads the reelection committee for Republican members of the House. But he added that compelling evidence that the president had committed a felony could sharply alter the mood of the public.

Gary Cosby/Reuters

Dr. Paul Heath and Patti Hall, survivors of the Oklahoma City bombing, leaving the federal court in Denver after the sentencing of Terry Nichols.

Life Sentence for Nichols In Oklahoma Bombing

By Tom Kenworthy
Washington Post Service

DENVER — Calling him "an enemy of the Constitution," a federal judge sentenced Terry Nichols to life in prison — the maximum — for his role in the 1995 bombing of the Oklahoma City federal building that killed 168 people.

Mr. Nichols, 43, showed no emotion in U.S. District Court as Judge Richard P. Matsch imposed the sentence of life without parole on Thursday for conspiring to use a weapon of mass destruction, a charge a federal jury convicted him of last December.

Mr. Nichols will also serve eight six-year terms concurrently for his conviction in the same court on eight counts of involuntary manslaughter.

The sentencing closed the judicial books on a searing chapter in American history that underscored the nation's vulnerability to domestic terror, even in a city seemingly distant from the world's tumult and bloodshed.

"And what was the purpose of this conspiracy?" Judge Matsch asked as Mr. Nichols stood before him, flanked by two of his attorneys.

"That purpose was to disrupt, to disorganize, to intimidate the operations of those agencies and of the U.S. government," he said.

"But you know, it didn't work out that way," the judge continued. "What occurred was that a community became even more united, and I think perhaps the country as well. There was no anarchy. There was no reign of terror. We proceeded with the orderly processes of recovery and of restoration."

Survivors and relatives of victims of the massive explosion, which nearly destroyed the Alfred P. Murrah Federal Building, smiled as Judge Matsch imposed the sentence. Mr. Nichols's son, Josh, and his former wife, Lana Padilla, wept in the back of the courtroom.

Mr. Nichols's co-conspirator, Timothy McVeigh, was convicted of murder June 2, 1997, and sentenced to death. Michael Fortier, a key witness who knew Mr. McVeigh and Mr. Nichols in the military, was sentenced to 12 years by a federal judge in Oklahoma City last month for failure to warn authorities.

Judge Matsch imposed the sentence on Mr. Nichols five months after a federal jury convicted him of conspiracy and involuntary manslaughter but could not agree on a penalty.

The judge said of Mr. Nichols: "What he did was participate with others in a conspiracy that would seek to destroy all of the things that the Constitution protects." The judge said his obligation was to "preserve, protect and defend the Constitution" against "all enemies, foreign and domestic."

POLITICAL NOTES

Reno Won't Pursue Some Suicide Doctors

WASHINGTON — Attorney General Janet Reno has decided that federal drug agents will not pursue doctors who are complying with Oregon's landmark physician-assisted suicide law, Justice Department officials Friday.

Ms. Reno and President Bill Clinton still oppose physician-assisted suicide, the officials said, requesting anonymity.

But Ms. Reno decided, contrary to the recommendation of the Drug Enforcement Administration, that the agency does not have authority under the federal Controlled Substances Act to take action against Oregon doctors who provide lethal doses of medicine for terminally ill patients in ways that conform to the Oregon state law, the officials said.

The Justice Department planned to release later Friday a letter to Senator Ron Wyden, Democrat of Oregon, and other Oregon lawmakers confirming her decision.

Ms. Reno's decision was limited to the provisions of the Oregon law and was not meant as a signal that she or Mr. Clinton were dropping their long-standing opposition to physician-assisted suicide, the Justice Department officials said. *(AP)*

U.S. House Rejects School Prayer Bill

WASHINGTON — For the first time in more than a quarter of a century, the House of Representatives has debated — and rejected — an attempt by religious conservatives to amend the Constitution to allow organized prayer in public schools.

The vote Thursday was 224 to 203, falling 61 short of the two-thirds necessary to pass a constitutional amendment.

The vote doomed the measure for now, but it had no future in the Senate anyway.

Students may now pray, read the Bible and engage in religious speech at school as long as they do so in a reasonable time, place and manner, without disrupting other students.

In addition to allowing organized prayer in school, the measure would have allowed religious symbols on public property. *(NYT)*

Quote / Unquote

President Clinton, speaking on the 30th anniversary of the assassination of Robert Kennedy: "In so many ways what he was trying to do then for the Democratic Party and for our country has great parallels to what we have been about in the last few years — trying to get people to give up the old dogmas, trying to bring people together, trying to go beyond the sort of stale liberal-conservative name-calling and figure out a policy that was both humane and effective. A lot of what he said and did pre-figured what we have tried to do in our time." *(WP)*

Away From Politics

• **The American Civil Liberties Union** and a group of black motorists have filed a federal lawsuit in Baltimore alleging that Maryland state police officers unfairly single out blacks in deciding which cars to search for drugs. *(AP)*

• **An 11-year-old Dallas boy** was convicted of beating and sexually assaulting a 3-year-old girl, who was left bruised and bloodied. The boy could be sentenced to up to 40 years in prison. *(AP)*

• **Investigators want to know how** Miami International Airport security overlooked a flare gun that went off inside a French tour operator's suitcase just before it was to be loaded on a Philadelphia-bound flight. The flare ignited a smoky fire that could have led to a disaster if the plane had been in flight. *(AP)*

• **After a day of tribute that included a public ceremony** at City Hall in New York on Medal Day, which is designed to celebrate heroism among the city's firefighters, about 40 firefighters ended up in a druken brawl at a restaurant. The firefighters were accused of exposing themselves, urinating in public and invading a women's restroom. *(AP)*

• **Jails across the country** should test all inmates for sexually transmitted diseases, the government said, because of high rates of infection. *(AP)*

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(F) FRANCE
$53: Amiens, Angers, Bordeaux, Orléans, Paris, Reims, Tours • $61: Clermont-Ferrand, Lille, Lyon, Nevers, Paris, Poitiers, Toulon • $73: Annecy, Blois, Bordeaux, Brest, Cannes, Lyon, Marseille, Nantes, Nîmes, Reims, Tours • $83: Dijon, Grenoble, Metz, Paris • $92: Montpellier, Paris, Strasbourg • $104: Calais, Paris • $119: Paris, Toulouse • $133: Nice (3), Paris • $168: Paris.

(FIN) FINLAND
$104: Helsinki.

(GB) UNITED KINGDOM
$53: Birmingham, Bolton, Braintree, Coventry, Glenrothes, Leeds, Livingston, Rugby, Stockton-on-Tees • $61: Birmingham, Stirling, Strathclyde, York • $73: Aylesbury, Belfast, Burton, Cardiff (4), Sandy-Bedford • $83: Manchester, Warrington • $92: Nottingham • $104: Ashford, Belfast, Birmingham, Ellesmere Port, Glasgow, Leicester, Newcastle, Newport, Sheffield, Telford • $133: Leeds, London, • $150: Edinburgh, London • $168: London, Maidenhead, Manchester • $192: Cambridge, London.

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(NL) THE NETHERLANDS
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(P) PORTUGAL
$61: Porto.

(PL) POLAND
$119: Warsaw.

(RO) ROMANIA
$168: Bucharest.

(RUS) RUSSIA
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Question: Overlooked by Vesuvius, one of the most well known volcanoes of ancient times, this city is not Pompeii, but its more cosmopolitan coastal sister. Name the city.

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- Prize consists of two weekend nights accommodation (Fri/Sat night or Sat/Sun night) including buffet breakfast for up to two adults and two children aged 12 and under sharing their parents' room, at the participating Crowne Plaza, Holiday Inn or Holiday Inn Express hotel of the prize winners choice within Europe, the Middle East or Africa, subject to availability at the chosen hotel for the dates requested. Transportation not included. Weekends must be taken prior to 28 February 1999.
- No cash alternative to prize.
- The organizer reserves the right in his absolute discretion to disqualify any entry, competitor or nominee, or to waive any rules in the event of circumstances outside his control, which in his opinion make it desirable to cancel the competition at any stage.

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(1) supplement of BF 2,100 on Friday and Saturday night. (2) supplement of DM 9, (3) supplement of FF 25 at Holiday Inn Nice, (4) opening 14 August.
Rates are per room per night including buffet breakfast for up to two adults and two children aged 12 and under sharing their parents' room and are valid at participating Crowne Plaza, Holiday Inn and Holiday Inn Express hotels every day of the week from 28 June to 12 September 1998. Bookings are subject to the availability of rooms allocated to this offer. Up to two children aged 12 and under can choose a free dish from the kids' menu during lunch and dinner when dining with their parents. Kids Eat Free is not available at Holiday Inn Express hotels and in locations where prohibited by law. Rates are payable in local currency. The dollar prices indicate the approximate equivalent of the fixed local rates and are for guidance only. Bass Hotels and Resorts is not liable for fluctuations in exchange rates. At participating hotels only: dinner from the "Summer Special" menu is never more than $18 per person; price includes a choice of 2 courses (either starter and main course or main course and dessert) and a drink. Full terms and conditions for both the Weekender Plus programme and the competition are available upon request via the telephone numbers listed below.

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E-mail: enm@skyinet.net

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PLAY UP TO 10 GAMES AT ONCE. SELECT AND CIRCLE THE NUMBERS ON EACH GAME YOU WISH TO PLAY

GAME 1	GAME 2	GAME 3	GAME 4	GAME 5
1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9
10 11 12 13 14 15 16 17 18	10 11 12 13 14 15 16 17 18	10 11 12 13 14 15 16 17 18	10 11 12 13 14 15 16 17 18	10 11 12 13 14 15 16 17 18
19 20 21 22 23 24 25 26 27	19 20 21 22 23 24 25 26 27	19 20 21 22 23 24 25 26 27	19 20 21 22 23 24 25 26 27	19 20 21 22 23 24 25 26 27
28 29 30 31 32 33 34 35 36	28 29 30 31 32 33 34 35 36	28 29 30 31 32 33 34 35 36	28 29 30 31 32 33 34 35 36	28 29 30 31 32 33 34 35 36
37 38 39 40 41 42 43 44 45	37 38 39 40 41 42 43 44 45	37 38 39 40 41 42 43 44 45	37 38 39 40 41 42 43 44 45	37 38 39 40 41 42 43 44 45
GAME 6	GAME 7	GAME 8	GAME 9	GAME 10
1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9
10 11 12 13 14 15 16 17 18	10 11 12 13 14 15 16 17 18	10 11 12 13 14 15 16 17 18	10 11 12 13 14 15 16 17 18	10 11 12 13 14 15 16 17 18
19 20 21 22 23 24 25 26 27	19 20 21 22 23 24 25 26 27	19 20 21 22 23 24 25 26 27	19 20 21 22 23 24 25 26 27	19 20 21 22 23 24 25 26 27
28 29 30 31 32 33 34 35 36	28 29 30 31 32 33 34 35 36	28 29 30 31 32 33 34 35 36	28 29 30 31 32 33 34 35 36	28 29 30 31 32 33 34 35 36
37 38 39 40 41 42 43 44 45	37 38 39 40 41 42 43 44 45	37 38 39 40 41 42 43 44 45	37 38 39 40 41 42 43 44 45	37 38 39 40 41 42 43 44 45

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Number of Games You Wish to Play	20 DRAWS (10 weeks)	44 DRAWS (20 weeks)	90 DRAWS (40 weeks)
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➤ TWO GAMES	☐ $ 118	☐ $ 236	☐ $ 472
➤ FOUR GAMES	☐ $ 236	☐ $ 472	☐ $ 944
➤ SIX GAMES	☐ $ 354	☐ $ 708	☐ $ 1416
➤ EIGHT GAMES	☐ $ 472	☐ $ 944	☐ $ 1888
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EXTRA DRAWS FREE (The Extra Draws are Added to Your Subscription Automatically)		You get 8 Draws FREE	You get 20 Draws FREE

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☐ Please charge my credit card for US$ _____ (tick below as appropriate):
☐ American Express ☐ Visa ☐ Mastercard ☐ Diners ☐ Eurocard
Card No. _____
Signature _____ Expiry date _____
☐ I enclose cheque/bank draft for US$ _____ payable to "PACIFIC PLAYERS AGENTS" (Convertible currency cheques accepted for the equivalent amount drawn on a local bank).
Name _____
Address _____
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HT98

Kosovo Refugee Tide Growing

By Chris Hedges
New York Times Service

PADESH, Albania — President Slobodan Milosevic of Yugoslavia has unleashed the largest military operation in the Balkans since the end of the war in Bosnia, driving thousands of ethnic Albanians from the border area and shelling and burning their villages.

At least 10,000 refugees have streamed through the mountain passes and thousands more are reported to be hiding in forests on the other side of the border, according to United Nations officials, refugees and aid groups.

[Albania's foreign minister, Paskal Milo, said Friday that 20,000 people had fled shooting in Serbia's province of Kosovo and crossed into Albania. This is double the estimates of the UN refugee agency. Mr. Milo spoke on the situation while attending a regional summit meeting in the Black Sea resort of Yalta, Ukraine.]

"People are trying to hang on, desperately hoping that the world will intervene to save them," Besim Aliaj, 36, said as he stood with people from his village who had been walking for two days.

"We could not hold out any longer. There are thousands more behind us. Once they realize there is no hope, they will follow. Everyone is being attacked from three sides. Only the border area is safe. You flee or you die."

President Milosevic is trying to crush the separatist rebellion in Kosovo, where ethnic Albanians outnumber Serbs nine to one and have long resisted Serbian rule.

The military attack is aimed at stopping the flow of fighters and smuggled weapons from Albania by driving Kosovo residents sympathetic to the rebellion out of villages on the Albanian border.

Mr. Milosevic apparently wants to set up a kind of "sanitary cordon" to tighten his control over Kosovo. Diplomats and military officials worry that the escalating conflict could draw the region into a wider war.

Mr. Milosevic's decision to attack the rebels undermines a United States diplomatic effort to bring the two sides together. In May, Richard Holbrooke, a special envoy, persuaded Mr. Milosevic to ethnic Albanians. As a result, he called for sanctions on Belgrade to be suspended.

The reversal angered many European allies, since Washington had pressed Europeans to adopt them.

'People are trying to hang on, hoping desperately that the world will intervene to save them.'

Mr. Milosevic has been unable to seal off the mountainous and desolate border region. During the last few weeks he has watched weapons, supplies and mercenaries — many of them veterans of the Bosnian conflict — flood in to build up the Kosovo Liberation Army, Western diplomats said.

The rebel force is fighting for a separate state. It already controls as much as 40 percent of the province and for the last three months has been engaged in daily hit-and-run clashes with the police and the military.

Now thousands of villages lie empty, shattered by heavy shells and in flames, according to refugees who arrived in this mountain pass.

They said that Serbian soldiers were slaughtering cattle, sheep and horses and firing on families in the hills with helicopter gunships and mortars.

There is only one route left open to the refugees, over the razor-back peaks of the Repe Mountains.

At nightfall, hundreds of Kosovo residents flee to the peaks, wait for dawn amid the forbidding stone crevices, then make their way down the precarious paths to Albania, according to refugees and refugee aid groups.

At least half a dozen have died in the last stretches of the trek, including two children, and dozens more are thought to have died on the Kosovo side of the border, relief officials say.

Many of those who arrive have been wounded by fragments of mortar and artillery shells.

Mr. Milosevic closed off an area in central Kosovo in March. Special police units killed at least 80 people in villages where the guerrillas had operated.

Far from crippling the rebel movement, the assault saw hundreds or thousands of young men swell the guerrilla ranks and tons of weapons and ammunition pour across the border on mule trains.

Last week, President Bill Clinton met with ethnic Albanian leaders from Kosovo, who said they received assurances that Washington would not allow their Kosovo homeland to suffer the fate of Bosnia.

■ Kosovo Boycotts Talks

Ethnic Albanian representatives refused to attend talks with a Serbian government delegation in Pristina, the Kosovo capital, because of the latest military violence, Agence France Presse reported.

Despite U.S. diplomatic pressure, the Albanian delegation felt the talks, which started May 22, could not take place in light of the Serbian offensive in the province, especially in the western Decani region, Blerim Shala said.

"The latest events show that the efforts of the international community to stop the violence were not enough," Mr. Shala said.

He called on the contact group for former Yugoslavia, the UN Security Council and NATO for urgent discussions of the Kosovo crisis.

Mr. Shala spoke after a series of talks between Kosovo Albanian negotiators and the U.S. ambassador in Macedonia, Christopher Hill.

Joel Robine/Agence France Presse

Kosovo residents carrying what they can from home and herding their livestock over the mountains to Albania.

MOTOROLA: *Hard Times Will Cost the Company 15,000 Jobs*

Continued from Page 1

Asia," said Charles Hill, director of research at First Call Corp., a Boston-based firm that tracks corporate earnings estimates of Wall Street analysts.

Indeed, Motorola's bad news merely put an exclamation point on what others in its industry had been reporting. National Semiconductor warned investors early in the spring that Wall Street's projections for its recently completed second quarter were too high. (Those figures have not yet been reported.)

Last month, Analog Devices, a chip maker, Applied Materials, a leading supplier of semiconductor manufacturing equipment, and AMP Inc., the world's leading supplier of connectors and other passive components used on chips, issued similar warnings.

In Asia, South Korean, Japanese and Taiwanese semiconductor companies are cutting back production as they joust for declining market share.

Motorola, based in Schaumburg, near Chicago, has about 150,000 employees worldwide. The 10 percent cut will come through attrition and layoffs, said a company spokesman, David Rudd.

The company declined to comment on where the layoffs would be concentrated. The domestic semiconductor operations are based primarily in Arizona.

Mr. Galvin said consolidation would take place throughout the company, with emphasis on semiconductor products and messaging, information and media segments.

The company has suffered a double whammy. Demand has slowed in Asia for many of its cellular phones, pagers and other products, most of which contain Motorola semiconductors.

At the same time, there is heightened competition from Asian manufacturers.

It has been difficult to offset those problems, in part because Motorola has fumbled the move from analog to digital wireless phone technology, and the once-rapid growth of its domestic paging business has slowed.

Some investors were encouraged that even with the gloomy forecast, Motorola was moving to address lagging profits in five of the past eight quarters. Motorola rose 1/8 to 51 5/8 in early trading. The stock has tumbled 42 percent since July.

"Any action that Motorola takes at this point is going to be viewed as positive," said Chris Chaney, an analyst at A.G. Edwards & Sons., who has a "maintain" rating on the stock.

Motorola was expected to earn 21 cents a diluted share this quarter

Motorola's second-quarter earnings are expected to fall well below analysts' forecasts.

In the first quarter, the company's net income fell to $180 million, or 30 cents a diluted share, from $325 million, or 53 cents a share in the comparable period a year earlier.

(NYT, Bloomberg, AP, Reuters)

ROLLS: *Volkswagen Wins Battle for Venerable British Institution*

Continued from Page 1

of the best cars in the world," the spokesman said.

That could prove to be a tougher challenge than the bidding contest itself. BMW, whose bid was endorsed by the Vickers board before Volkswagen entered the fray, immediately announced it would stop supplying engines and other key components to Rolls-Royce in a year's time. BMW also said it would develop its own line of super-luxury cars, a step that Mercedes-Benz also is contemplating.

As part of its deal, Volkswagen also will buy the Cosworth engine division from Vickers for £120 million, a unit it plans to use to fill the engine gap. But analysts said it would be difficult and costly to find substitutions in one year for BMW parts that make up as much as 30 percent of the component cost of some Rolls-Royce models.

Volkswagen also must persuade the wealthy of the world to continue to spend $250,000 for a vehicle made by a company that has become Europe's volume leader by selling cars for mainly under $20,000 apiece. And it must maintain the brand's exclusivity even as it ramps up production to as much as 10,000 cars a year from just over 1,900 last year.

"Clearly a big change of perception is going to happen here," said John Lawson, automotive analyst at Salomon Smith Barney. "Volkswagen will have to establish its own credentials in making that a world-class vehicle." Volkswagen also faces difficult negotiations with Rolls-Royce PLC, the aircraft engine maker that shares rights to the Rolls-Royce brand name and logo and had allied itself with BMW.

Friday's shareholder meeting contained some drama as Mr. Shrimpton, lobbying on behalf of the enthusiasts group named Crewe Motors, appealed for a 14-day delay to firm up its bidding plans. He did win an hour's suspension of the meeting to put its best case to the Vickers' board, but he was unable to provide guarantees of financing or identify his backers. Sir Colin dismissed his effort as "an undignified scramble to raise money with no substance to it." But the real passion came from a number of devotees that included small shareholders of decades-long standing, a Rolls-Royce chauffeur and a great nephew of the company's founding father, Sir Henry Royce.

The latter, Peter Royce, accused the board of "welshing on a deal" by first accepting BMW's offer in April then spurning it when VW came along with more cash last month. "This is Britain," he said. "We do not do business like that in Britain."

Martin Simons, a retiree and small shareholder, dismissed the meeting as "a farce" because of the advance voting by institutional shareholders. He also bemoaned the fact that Rolls-Royce was passing into German hands like many of Britain's investment banks, a fact he insisted was more important than the 25 pence a share premium that investors would get from Volkswagen.

"The whole thing is much more fundamental than an extra 25 pence to the shareholders. Fiddle that," Mr. Simons said. But the proxy vote was a landslide. Owners of 4,729,935 shares voted in favor of Volkswagen and only 108,748 against.

NEUTRINO: *Physicists Find That the Elusive Particle Has Mass*

Continued from Page 1

derground detector called Super-Kamiokande.

Takaaki Kajita of the Institute for Cosmic Ray Research of Tokyo University said that all explanations for the data collected by the detector had been essentially ruled out except for one: the existence of neutrino mass.

Yoji Totsuka, leader of the coalition and director of the Kamioka Neutrino Observatory where the underground detector is situated, 50 kilometers (30 miles) north of here in the Japan Alps, acknowledged that his group's announcement was "very strong," but said, "We have investigated all other possible causes of the effects we have measured, and only neutrino mass remains."

John Bahcall, a leading neutrino expert and astrophysical theorist at the Institute for Advanced Study in Princeton, New Jersey, said in an interview that there had been many claims in recent years of the discovery of neutrino mass by other groups. "But this one is by far the most convincing," he said. "Besides the strong evidence they have found, this team has a magnificent track record of discoveries."

But because the elusive particles cannot be seen, there is only indirect evidence that they have mass.

Under the Standard Model of matter, neutrinos come in three types or "flavors." The data gathered by the Super-Kamiokande team during the two years the detector has operated indicate that at least one of these three "flavors" can "oscillate" into one of the other flavors as it travels along at nearly the speed of light. According to the theories of quantum mechanics, any particle capable of transforming itself in this way must have mass.

Study of the neutrino particle has been glacially slow since its existence was hypothesized in 1931 by the Austrian physicist Wolfgang Pauli as a way to explain the mysterious loss of energy in certain nuclear reactions. The particle was finally discovered in 1956 by two physicists at the Los Alamos National Laboratory, Dr. Frederick Reines (who was awarded a Nobel Prize for the discovery) and the late Dr. Clyde Cowan.

But understanding of the particle since then has been acquired painfully slowly because neutrinos have no electric charge and rarely interact with any kind of matter. A neutrino so rarely collides with an atom of ordinary matter that a typical neutrino can easily penetrate a piece of lead one light year thick — about six trillion miles — without hindrance.

But once in a great while, a neutrino does hit an atom and the resulting blast of nuclear debris supplies clues about the neutrino itself. The debris generally includes many particles that can race through water, mineral oil or even ice, sending out shock waves of blue light. This light, called Cherenkov radiation, can be detected by sensitive light sensors and measured.

SHIP: *18-Deck Cruise Liner Marks a Very Large Trend and Awes Venice on Its First Call*

Continued from Page 1

movie came out, and have been on Princess cruises before," Stephanie Woods, 28, an assistant cruise director, said. "But you can tell they have seen the movie: they pay more attention during the safety drills."

The scheduled maiden voyage leaving Southampton, England, on May 14, was canceled at the last minute when P&O decided some of the fixtures and fittings were not up to standard. The company offered refunds to passengers who had paid from $4,000 to $10,000 each.

Passengers who left Istanbul on May 26 on the Grand Princess and made stops in Turkey, Greece and Italy reported some glitches, like dripping air-conditioners and malfunctioning laundromats, but there were few deep-felt complaints. The cruise was to end Saturday in Barcelona.

"The food isn't quite up to par yet," Bernice Mehrbrodt, 67, of Santa Barbara, California, confided as she inspected the menu in the 500-seat Leonardo da Vinci restaurant. "But it's the first time out, and there are always a few kinks. We're having a wonderful time."

Four cruise veterans who were admiring the roofs of Venice on Sunday from a glassed-in nook of the discotheque compared notes on past and present voyages. John Clark of Toronto sailed on the German liner the Bremen in 1932 and shared a dining-room table with the king of Saudi Arabia aboard the Spanish liner Queen Anna Maria in 1966.

He expressed some scorn for the more middle-class cruises prevalent today. "I am 92," he explained grumpily. "The only trip that will take me is a cruise."

His companions were more impressed by the world's biggest cruise ship, but also expressed some wistfulness of scale. "I'm glad we came," said Jacqueline Smith, 74, of Fort Worth, Texas. "I'm having the best time I've ever had. But secretly, I think I like the smaller ships better."

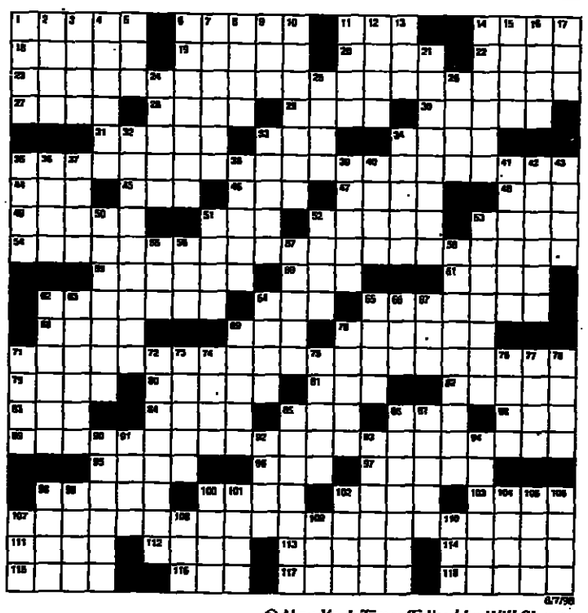
TEEN-AGE Q. & A. By Randolph Ross

ACROSS

1 —— salad
6 Attempts
11 Churchill's "few"
14 Cassius's costume
18 Welcome sight
19 The Sorbonne, e.g.
20 Paella pot
22 Comet competitor
23 Q: —— A: Later
27 Café additive
28 "Beverly Hills 90210" restaurant owner and others
29 Passionate desire
30 Originate
31 Sister of Terpsichore
33 Happy-lark go-between
34 Open, in a way
35 Q: —— A: Out
44 It's charged
45 Egg manufacturer
46 Hallow ending
47 —— Baior
48 Indian Prime Minister, 1991-96
49 The others
51 Sch. supporters
52 River of Tours
53 Aeronautical feat
54 Q: —— A: O.K.
59 Some computer keys
60 Med. drips
61 Comprise
62 Payments for releases
64 Genetic inits.
65 Took off a ship
68 Just beat
69 Play to the camera
70 Five-time Kentucky Derby winner
71 Q: —— A: Friends
79 "B.C." creator
80 Teased teen-agers
81 Laugh syllable
82 First name in cosmetics
83 Charlottesville-to-Richmond dir.
84 Romanian ruler known as "the Impaler"
85 Rye filler
86 Craggy peak
88 Part of X-X-X
89 Q: —— A: I don't have any
95 "Jug handles"
96 Bond rating
97 Descriptive words for Ben Jonson
98 Painter El ——
100 "Makin' Whoopee" songwriter
102 Vault
103 Tierra del Fuego, e.g.
107 Q: —— A: I don't need one
111 Tuner
112 Crewmate of Scotty
113 Instant
114 Words of wisdom
115 Not rash
116 Vegas action
117 Bury
118 Code name

DOWN

1 Hood
2 A few laughs
3 Actor Morales
4 Tailor, at times
5 Atl. speedster
6 Blood component
7 Colorless ketone
8 Farm females
9 Frazier foe
10 Gets into trouble, maybe
11 Popular fast-food chain, informally
12 Very much
13 Winter woe
14 Exotic vacation spot
15 Spanish eyes
16 Willing
17 Fire
21 Button sources
24 Greatly admiring
25 Poi party
26 Joyce's homeland
32 One who believes "practice makes perfect"
33 Per annum
34 Genesis
35 On the same side as
36 Santa sounds
37 Poetically sufficient?
38 "—— pray"
39 Harbor markers
40 He directed Marion
41 Good routine
42 Like an angel
43 Bushwhacker, e.g.
50 Tried to hit, in dialect
51 Geneva Convention concern
52 Hot rocks
53 Trails
55 Like some shows
56 Israeli day
57 Dog, Down Under
58 Tour operator, at times
62 Go over old territory?
63 Renée of the silents
64 Area covers
65 Press
66 Staff sgt., e.g.
67 Charlie of the 60's Orioles
69 Confuse
70 Weather prefix
71 "That was close!"
72 Neighborhood
73 Cheers
74 Master's ordeal
75 "If —— nickel"
76 Put —— task hard questions of)
77 Eye drop
78 "Darn it!"
85 China's Yellow Emperor
86 Arsonist
87 N.C.A.A. World Series site
90 Irk
91 Western city or its radio station
92 Diamond Head locale
93 "Well begun is half done" writer
94 Nut
98 Classic Italian car
99 Tom Clancy hero
100 Actor MacLachlan
101 Month of l'été
102 Busy
104 Capone trademark
105 Totes
106 Suit to ——
107 O.E.D. entries
108 Container
109 Directional suffix
110 Cartesian conclusion



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Solution to Puzzle of May 30-31

BANKS: *$1 Billion Is Reportedly Offered in Holocaust Settlement*

Continued from Page 1

well as lawyers for more than 40,000 plaintiffs and Jewish groups, will resume on Friday at the Four Seasons Hotel in New York.

In a conference call Thursday afternoon run by Stuart Eizenstat, the undersecretary of state for economic affairs, all sides appeared to be moving toward an agreement that could total $1.6 billion or more. During the call, lawyers for the banks said the chief executives of the major Swiss banks would be available, by telephone, to participate in the talks.

But it seems quite unlikely that a final deal will be struck for several weeks. "There is a lot of haggling remaining," said one person at the talks, which are under rules of strict confidentiality.

"And it's always possible that things could fall apart."

[A spokesman for the Credit Suisse Group in Zurich denied reports of a settlement offer, according to the Associated Press. "The negotiations are in progress," said the spokesman, Paul Rhyn. "We already said in April that we are in a phase where we can start talking about figures."

[Jeff Taufield, a spokesman for the three banks in New York, declined to comment on reports of the offer.]

In March, the Swiss banks reversed their previous stance and agreed to negotiate a global settlement for all the Holocaust suits. Thursday it appeared that a settlement would include several elements.

The plaintiffs in the class-action suit, which is meant to include all surviving Holocaust victims and many of their heirs, could receive more than $1 billion. Several hundred million dollars — up to $600 million by some accounts — would go to a fund intended chiefly for indigent Holocaust survivors, including those who had no deposits in Swiss banks.

And there would be a "rough justice" fund for settlements with survivors and heirs who could show that their families had some money in Swiss banks but could not produce exact records.

The shape of the deal is under negotiation, however, and one person close to the talks said, "Getting the two sides to come to an agreement may be easier than getting the claimants to agree with each other or getting the Swiss to agree with each other."

The banks have a clear incentive to settle. Their business in the United States has been harmed by the threat of sanctions in New York City and California.

But the Swiss National Bank, Switzerland's central bank, has refused to take part in settlement talks. A Swiss historical commission and the State Department, which issued a final report this week on Nazi gold issues, have determined that the Swiss National Bank accepted the vast majority of the gold looted by the Nazis, including gold taken from the homes and, sometimes, the bodies of Holocaust victims.

The gold was smelted into bars to hide its origin and pay for war materiel for the German military, the State Department report said. This week lawyers representing the Holocaust victims said that they planned to sue the Swiss National Bank. But Thursday they decided to postpone that move.

ERITREA: *Air Raids in Horn of Africa*

Continued from Page 1

rocky, 400 square kilometer triangle of land that both countries claim, although Eritrean forces have also crossed into territory that is indisputably Ethiopian.

Britain urged its citizens Friday to leave Eritrea because of the clashes and said it was trying to arrange flights out of Asmara.

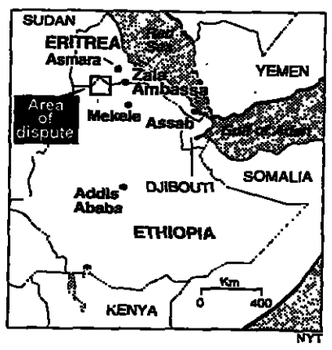
The United States and Britain have ordered the evacuation of all nonessential personnel and their families.

"We deplore this serious escalation of the dispute," a State Department official in Washington said of the air raids.

Earlier Friday, diplomats from the United States and Rwanda left Asmara for Burkina Faso to report on the crisis to members of the Organization of African Unity gathering there for a summit meeting.

Eritrean forces have pushed at least 10 kilometers into Ethiopian territory at Zala Ambessa, about 150 kilometers southwest of Asmara, since last weekend, when they said they had repulsed and then countered an Ethiopian attack.

A senior commander at Zala Ambessa said Thursday that the Eritrean operation was nearly over. "We have done what we need to," the commander said. "It could be time to leave."



Both sides have mobilized veterans of the guerrilla struggle that overthrew the Ethiopian military dictator, Mengistu Haile Mariam, in 1991.

Eritrea was rewarded for its efforts with independence from Ethiopia following a referendum in 1993. The two countries were on friendly terms until the border disagreement turned violent last month.

Ethiopia has told Eritrea to cut the size of its embassy in Addis Ababa to three people and has given all other diplomats seven days to leave, Foreign Minister Haile Weltensae of Eritrea said Friday.

هكذا من الاصل

Inquest on Diana's Death

Judge Gathers Witnesses to Re-enact the Scene

By Charles Trueheart
Washington Post Service

PARIS — For the first time since the auto accident that killed Diana, Princess of Wales, in Paris on Aug. 31, all but one of the known witnesses to the midnight crash and its immediate aftermath appeared together Friday to re-enact the scene before a French investigating judge.

The extraordinary daylong proceeding, behind closed gates at the Palace of Justice, drew the nine photographers and a motorcycle driver who are under investigation for manslaughter for possibly provoking the accident by chasing the Mercedes that carried Diana, her friend Dodi al Fayed, the chauffeur and a bodyguard.

Only the bodyguard, Trevor Rees Jones, survived the impact of the car against the unprotected pylon of a highway underpass near the Pont de l'Alma on the right bank of the Seine River. The investigating magistrate, Herve Stephan, allowed Mr. Rees Jones, who is recovering in Britain, to not take part in the session Friday.

"It's the 40th time we have answered the same questions," said Nikolas Arsov, one of the paparazzi under investigation. "It's annoying, but what can you do? They have to do their job," he told The Associated Press.

The photographers have not been formally charged with any crime; Judge Stephan's protracted investigation is to determine whether any should stand trial.

Eight other witnesses to the accident, or to the way photographers and doctors behaved afterward, also appeared, as did Frances Shand Kydd, Diana's mother, and Mohamed al Fayed, Dodi's father and the owner of the Ritz Hotel in Paris.

As the employer of Mr. Rees Jones and the car's driver, Henri Paul, and as the father of Dodi, Mr. al Fayed was granted status as a civil party to the case, which gives him full access to the inquiry.

"I hope that God will find the truth for us," Mr. al Fayed said Friday as he left the Ritz.

According to lawyers at the hearing, one photographer, Romuald Rat, was harshly questioned by lawyers for Mr. al Fayed, who tried to establish that he pursued the Mercedes that night, The AP reported.

"I followed it," Mr. Rat responded. "I did not pursue it."

During an afternoon break, Mr. al Fayed railed against the paparazzi. "If I was not in a courtroom, I would hang them all," he said.

"The immorality, the inhumanity of what they did," he said. "They were like vultures around the bodies."

Mr. al Fayed also had harsh words for Diana's mother. "She won't talk to me," he said. "She thinks she's in the royal family. I'm just an ordinary guy, a working-class guy. It's snobbery."

Mrs. Shand Kydd emerged from the courtroom during a break, but waved away journalists, The AP reported.

She and Mr. Paul's family are also civil parties in the case, meaning they have access to all documents and proceedings.

An apparently crippling mixture of alcohol and prescription drugs in Mr. Paul's bloodstream has given the accident its most probable cause, with the pressures of a car chase a contributing factor. But Mr. al Fayed apparently does not accept that the crash was a random tragedy.

Instead, he has promoted the idea that the accident was engineered by British security services, perhaps with CIA collusion, in an effort to abort the marriage plans of his son, a Muslim born in Egypt, and the British princess, mother of an heir to the British throne.

CBS television in the United States announced plans to broadcast a documentary next Thursday in which a barman at the Ritz, Alain Willaumez, claims that he was asked to lie about how much alcohol he had served to Mr. Paul before he took the wheel of the Mercedes.

"I saw Henri Paul was showing signs of drunkenness," CBS quotes Mr. Willaumez as saying. "His eyes were shiny. When Mr. Paul left the bar, he bumped into the first barman and then staggered toward the exit."

Beijing Threatens Outspoken Ex-Aide

New York Times Service

BEIJING — Earlier this week, shortly after finishing years of prison and probation, a former senior Chinese official openly criticized the government, questioning its slow progress toward democracy and condemning its decision in 1989 to send in soldiers to quell student-led demonstrations in Tiananmen Square.

He then challenged the government — which has professed its commitment to the rule of law — to respect his right to speak.

On Thursday, the ninth anniversary of the June 3-4 crackdown in which hundreds of civilians were killed, the Chinese government told Bao Tong, a former Central Committee member who was imprisoned on charges of disclosing state secrets that such freewheeling public statements would simply not be allowed. Mr. Bao allegedly disclosed to student leaders in May 1989 that the government planned to impose martial law in Beijing.

Less that 24 hours after interviews with Mr. Bao appeared in foreign publications, he said that the authorities had informed him that he could only grant interviews with the advance approval of "the government organizations concerned" and ominously warned of penalties if any rules were violated.

"By China's Constitution and law I should enjoy the right to freedom of expression and speech and I'm very willing to talk about my views in a frank way," said Mr. Bao, 65, in a telephone interview moments after he had been informed of the restrictions. "So it is with regret that I inform you it is impossible to interview me now."

Tutu Scoffs at Effort To Blame 'Bad Apples'

Compiled by Our Staff From Dispatches

GEORGE, South Africa — An angry Desmond Tutu on Friday objected to the suggestion that apartheid-era killings of black activists were the work of "bad apples" — or rogues — in the State Security forces.

"How many 'bad apples' are you going to concede?" the Nobel Laureate minister asked during cross-examination by defense lawyers for former President Pieter W. Botha. "No, no. We cannot now say that these are 'bad apples.' They are people who were sitting on the State Security Council."

Mr. Botha is on trial for snubbing the Truth and Reconciliation Commission, which is investigating atrocities committed during white rule. But the case has focused on allegations that Mr. Botha and the shadowy State Security Council he headed coordinated a crackdown on anti-apartheid activists and directly ordered bombings and killings during the 1980s.

The defense and the prosecution agreed they would return to the court on June 15 to make their closing arguments. Magistrate Victor Lugaju is expected to deliver his judgment at a later date.

Questioning Mr. Tutu, who heads the Truth Commission, the defense lawyer Lappe Laubscher said there were no direct assassination orders in any of the Council's minutes, indicating that the killings were the work of "bad apples" in the police and army who misunderstood orders.

Prosecution witnesses, including the commander of a police death squad, Eugene de Kock, testified this week that the council's use of phrases like "eliminate" and "neutralize" sanctioned the murder of the white-run state's opponents. Mr. Botha and other top members of the Council say they meant only that people should be arrested.

Mr. Botha, 82, has called the Truth Commission "a circus," claiming it is victimizing him by wanting him to appear in person when he has submitted more than 1,700 pages of written answers to commission questions.

(AP, AFP)

Roy Emerson
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Bomb Kills 3 in Pakistan

LAHORE, Pakistan — A powerful bomb ripped through a theater in the heart of Pakistan's Punjabi capital on Friday, killing three people and wounding 10 others, the authorities said. Officials said the death toll could rise.

The bomb went off during a matinee movie in a congested central district of Lahore, the ancient capital of the country's Punjab Province. About 50 people were in the theater when the bomb exploded.

Witnesses said 30 seats were blown apart by the explosion. It was still unclear whether the explosion was set off by a suicide bomber or if the deadly package was brought into the theater unknowingly by a group of young patrons, said the police chief, Wahab Ali.

No one immediately claimed responsibility for the bombing, but the Pakistani government blamed neighboring India. *(AP)*

Manila Fires Top Lawyer

MANILA — President Fidel Ramos on Friday cut short the term of the country's top state lawyer, who recently asked the Supreme Court to acquit a former first lady, Imelda Marcos, on charges of graft.

Solicitor General Romeo de la Cruz had tendered his resignation effective June 30, the last day of the present administration, but Mr. Ramos made the resignation effective as of Monday.

"I have exercised my prerogative to make the effective date earlier, as you will note," Mr. Ramos said in an acceptance letter dated June 5.

Mr. Ramos appeared angry on national television Wednesday after Mr. de la Cruz urged the Supreme Court to nullify the 12-year jail term imposed on Mrs. Marcos because of lack of evidence. He said she should be acquitted of corruption charges. *(Reuters)*

Ou Neakry/The Associated Press

NEW TIES — A Khmer Rouge defector lacing his boots Friday, joining more than 1,000 comrades in the Cambodian Army.

Sri Lanka Bars War News

COLOMBO — Sri Lanka imposed censorship Friday on news reports on the war between government troops and the Liberation Tigers of Tamil Eelam rebels, the Defense Ministry said.

"Regulations have been made by Her Excellency the President prohibiting the publication and transmission of sensitive military information," the secretary to the Defense Ministry, Chandrananda de Silva, said in a statement.

The statement said print and electronic media were prohibited from carrying news about operations by the military, the police and the special task force.

They also cannot report deployment of troops and naval vessels and aircraft or "any statement pertaining to the official conduct or the performance of the head or any member of any of the armed forces or the police force," the Defense Ministry statement said.

It did not say why the censorship, which applies to both local and foreign media, was being imposed. *(Reuters)*

Weather Cuts Afghan Relief

FAIZABAD, Afghanistan — Bad weather thwarted the emergency relief operation Friday for thousands of survivors of Afghanistan's earthquake, aid officials said.

They said three helicopters used for ferrying aid to remote villages of the area hit by the quake last Saturday, which killed thousands of people, could not leave Dushanbe, the capital of neighboring Tajikistan, because of bad weather there.

The United Nations sent an Antonov-12 cargo plane to the northern Afghan town of Faizabad with three and a half tons of tents on board, but it was unable to land because of bad weather, a UN statement in Islamabad said. *(Reuters)*

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Help South Asia

Now that India and Pakistan have at least temporarily halted their nuclear tests and toned down their rhetoric, there is an opening for diplomacy aimed at freezing further weapons development.

A modest step was taken Thursday in Geneva, where U.S. Secretary of State Madeleine Albright and the foreign ministers of Russia, China, Britain and France urged India and Pakistan to refrain from further testing and to open negotiations with each other. The meeting also called on the two countries to sign the international treaties banning the testing and spread of nuclear weapons.

But achieving these worthy goals will not be easy, and a newly nuclear South Asia still crackles with danger. India and Pakistan are both working to miniaturize their nuclear bombs to fit on missiles; their troops trade fire across a tense border, and they cannot even agree on a format for discussing their conflicting claims to Kashmir.

India and Pakistan must be coaxed into signing the international nuclear treaties. In return they should be given access to the safety technology that established nuclear powers use to prevent accidental detonations and theft. Encouragingly, Prime Minister Atal Bihari Vajpayee of India has proposed a testing moratorium and also offers to negotiate an agreement with Pakistan promising that neither country will be the first to introduce nuclear weapons into combat. Prime Minister Nawaz Sharif of Pakistan also seems interested in negotiating new guidelines for military restraint.

But New Delhi says it will sign the global nuclear arms treaties only if it is legally recognized as a nuclear weapons country. That would legitimize India's plans to proceed further toward arming itself with nuclear weapons. India also conditions its signature on the established nuclear powers' committing themselves to eliminating their own nuclear arsenals. That is a desirable goal but has little chance of being achieved in the near future.

The five nuclear powers Thursday rightly rejected amending the treaties to expand the ranks of nuclear armed countries. But there may be artful language that can satisfy Indian and Pakistani pride while preserving the integrity of the accords. The U.S. Congress should give President Bill Clinton authority to lift sanctions against India or Pakistan if either signs the treaties.

Russia has special ties to the region, as does China. Beijing helped Pakistan develop its bomb but now wants to show it can act responsibly against the spread of nuclear weapons. They should act in concert with Washington to help edge South Asia back from the nuclear brink.

—THE NEW YORK TIMES.

What Will the Fed Do?

The economies of the United States and Britain have moved in surprisingly similar ways in recent years, whether by coincidence or because both freed their economies in the 1980s. Now Britain's central bank has stunned observers by raising interest rates, posing the question of whether the U.S. Federal Reserve will be the next to do so.

The Bank of England boosted its base lending rate on Thursday by a quarter of a percentage point, to 7.5 percent. It said it had acted because of concerns that wages were rising too rapidly and consumer spending was so brisk that a revival of inflation was a serious threat.

Nearly all British economists who monitor the Bank of England — 19 of 20, according to a poll by Bloomberg News — had expected the central bank to leave rates unchanged. That was largely because of signs that Britain's economy is slowing, particularly in exports. Both stock and bond prices fell in London after the bank's move was announced.

There are obvious differences between the United States and Britain, but current economic arguments in both countries are surprisingly similar. There are inflationary pressures in the U.S. labor market, and consumer spending has been very strong. But inflation does not look like much of a threat when commodity prices are falling and there is fear that Asian weakness could slow the U.S. economy. So the Fed has not taken any action.

At the March meeting of the Fed's Open Market Committee, some Fed officials voiced fears that raising rates "could produce an outsize and undesirable response in financial markets." But if Britain's stock market remains buoyant after the Bank of England's move, that might strengthen the hand of those who want the Fed to take a similar step.

—THE NEW YORK TIMES.

Squeezing the Poor

The U.S. House Republican leadership has begun to mock the budget problem it cannot solve. The Republicans want to make room in the budget resolution for a tax cut they lack the votes to finance. The president has denied them use of the budget surplus, which he rightly says should be used to "save Social Security first"; they have not found the counter to that argument.

A tobacco tax increase is a second possible source of funds, but many House Republicans are opposed to that as well. The third alternative is spending cuts, which the Republicans favor in theory. They founder, however, when it comes to saying which cuts.

An illustrative list put together earlier by Budget Committee Chairman John Kasich cost them votes they could not afford and had to be withdrawn. The latest version of the budget resolution, instead of saying which programs will be cut, goes out of its way to indicate which programs will not be. That is the mockery.

They will not cut middle-class Medicare, they say; they do not want to hand the Democrats that campaign issue again. Instead, they will cut other, unspecified programs within the jurisdiction of the Ways and Means Committee. But almost all of those are programs for the poor.

Aides were busily denying Thursday that welfare was the unnamed target. Among other things, a welfare cut would likely embroil the Republicans with the governors, because welfare is now, unfortunately, a block grant to the states. The alternatives, if not welfare, are aid to the needy elderly and disabled; child care subsidies; foster care and other social services grants to the states, and/or the earned-income tax credit, which acts as a kind of wage supplement for the working poor.

The tax cut the Republicans mainly have in mind is reduction or elimination of the so-called marriage penalty, the extra tax that some couples find they owe if they marry. Most of the benefit if this were eliminated would go to upper-income, two-earner families. Do the members really want to cut programs for the poor to finance that?

The budget also fails to provide for the full cost of the highway bill. That, too, will require further cuts in unnamed programs. Republican moderates are uneasy with this budget, as they ought to be. They favor neither the fiscal irresponsibility nor the squeezing of the poor that it implies. They have the votes to stop it.

—THE WASHINGTON POST.

Other Comment

Intelligence Blunders

Why were America's intelligence agencies unable to detect India's preparations to test nuclear weapons last month? A critique of the failure finds the explanation to be systemic rather than unique to this one event. India's tests were a political embarrassment to America's policymakers but not a national security debacle. Next time, things could be a lot worse.

Among the most significant — and least excusable — intelligence blunders was the refusal of veteran CIA political analysts to take seriously the Hindu nationalist Bharatiya Janata Party's campaign promises to conduct nuclear tests. Instead, said retired Admiral David E. Jeremiah, who headed the CIA investigation, the analysts assumed that Indian politicians, like their American counterparts, usually ignore their promises once they are elected.

Such cultural myopia is hardly the starting point for perceptive analysis.

—Los Angeles Times.

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Kim Deserves the World's Support – and Patience

By Aidan Foster-Carter

LEEDS, England — Although he is 74 years old, President Kim Dae Jung of South Korea will keep to a grueling schedule during his visit to the United States. During his trip, which begins Saturday, he is to make 26 speeches in nine days, to audiences ranging from Congress and the New York Stock Exchange to groups in Stanford and Silicon Valley.

At last the United States is welcoming a leader from South Korea of whom both countries can be proud. At a time when, from India to Indonesia, Asia has come to mean bad news, Mr. Kim stands head and shoulders above the field, in moral stature and vision as well as in political common sense and skill.

What more could the West want of an Asian leader? Mr. Kim has long attacked the myth of "Asian values," notably in an exchange with Singapore's senior minister Lee Kuan Yew in the journal *Foreign Affairs*. But words are easy. This is a man who has time and again put his life on the line for democracy, surviving murder attempts by both Pyongyang and his predecessors in Seoul.

Moreover, as a Catholic he has shown his persecutors a forgiveness rare in Korea's vengeful culture.

Mr. Kim is just as solid on that other core Western value, free markets. When he was elected president by a narrow margin in December, he inherited an economy on the brink of default. He rose to the challenge at once, saying all the right things to calm the markets' panic even before he officially took over in February. The abyss was avoided.

Nor was this just talk. In his short time in the Blue House, Mr. Kim has started an economic revolution. He is adamant that the old Korea Inc. — protected, xenophobic, often corrupt — has to go, no matter how painful this is bound to be for many. Workers must give up job security; banks and companies must clean up their balance sheets; government must be made smaller, and the economy must be opened to full foreign participation.

Even if the dire plight of the economy demands no less (and it does), this is an astonishingly bold program, one that bears comparison with what Margaret Thatcher did in Britain in the 1980s. But Mr. Kim's job is harder. Unlike the Iron Lady, he is trying to proceed by consensus — another revolutionary concept in top-down South Korea.

Not surprisingly, consent is proving difficult to secure. Both sides of industry are digging in their heels against change. Like President Bill Clinton, Mr. Kim also faces a legislature controlled by an obstructive opposition, although his party's victory in Thursday's local elections may induce defections that would give him a working majority.

Yet the financial markets are showing absurd impatience with South Korea. Just three months into his five-year term, Mr. Kim is under fire for allegedly backing away from real reform by not letting bankrupt companies and banks collapse. But the critics' blind faith in market forces is dangerously oblivious to the real world of politics. Isn't Indonesia warning enough of the social explosions that an economic meltdown would unleash?

There is also a catch-22. Mr. Kim is criticized for avoiding battles. Yet when 40,000 workers — a mere 2 percent of the work force — go on strike, it makes international headlines and the stock market plunges. Here, too, we see a double standard. It took Mrs. Thatcher almost a year and some fierce battles to tame the British miners, but there was no mass flight of capital from Britain during that tumultuous period.

It takes time to change a country. Mr. Kim has already done much. He will invite U.S. investors to show faith by buying South Korean assets of all kinds, which are for sale on an unprecedented scale. True, South Korea desperately needs the money. But it is not just that. Korea Inc. is dead. There is no going back.

Yet investors hesitate. Western business analysts suggest waiting until the South Korean economy plunges even deeper into recession to get a better price. Such people have no shame, but they might show more sense. For Mr. Kim may fail. Would that be good news for any of us?

On his U.S. visit, Mr. Kim will challenge the West to put its money where its mouth and stated ideals are. A serious democrat and free marketeer, he has the "vision thing" in abundance, plus rare political skill and courage. In Asia, or anywhere, he is as good as it gets. Very much his own and South Korea's man, he is also our man. Mr. Kim deserves our appreciation, support — and patience.

The writer is honorary research fellow in modern Korea at Leeds University. He contributed this comment to the International Herald Tribune.

France's Dirty Secret: It's a Leader Among Capitalists

By Jim Hoagland

PARIS — Sometimes the more things change, the more they don't stay the same. Even in France. Even when the French try to pretend that they do.

France has just completed an intellectual and journalistic retrospective on its failed political revolt of 1968. Television and newspapers have been stuffed with nostalgic accounts of that uprising, when students and workers took to the streets to oppose the consumer society and the authoritarian conformism it supposedly encouraged.

But that glance into history's rearview mirror served to underline a contrast between yesterday and today that unsettles many in France. Economics and finance dominate as decisive issues in France today, not politics. It is a contrast that would have perturbed not only the student demonstrators but also many of their erstwhile Gaullist adversaries across the barricades.

The ascendancy of business and economic affairs is no accident and is not limited to France. It is an intended consequence of the invention of the euro, the single European currency that will erase the franc, mark, peseta and eight other national monies from the Continent 42 months from now.

France was a driving force behind the original euro, conceived in 1991 primarily as a political instrument to anchor a reunified Germany in Western Europe and to constrain the power of that nation's Deutsche mark. But as it comes closer to actuality, the euro is focusing the minds of governments and electorates on productivity and national competitiveness, not on power politics.

The euro is leveling class interests and the notions of class warfare in the 11 states that have adopted it. That is one of the new currency's undeclared purposes: to provide politicians with stealthy ways in which to make their nations' businesses more businesslike, efficient and profitable, without alienating working class voters.

Stealth is particularly important for left-wing governments in France and elsewhere in Euroland, as the 11 euro member nations are known collectively. These societies have exalted egalitarianism and social solidarity and have frequently been critical of "Anglo American capitalism," even if they have benefited and borrowed from its success.

Today France is the world's third largest importer of capital, the third largest exporter of capital and the fourth largest trading nation. It has highly profitable, world-class big business and high-tech centers that benefit from the dismantling of trade barriers that the European Union has encouraged.

If this comes as a surprise, it is to be expected. The French do not talk to each other about such mundane and vaguely shameful topics as commerce.

"It is very French to live in one of the world's great commercial powers and never, ever admit being aware of it," said a prominent French banker. "It helps make us exceptional in our own eyes."

Lionel Jospin, the Socialist prime minister who surprised the nation and himself by winning last year's snap parliamentary elections, shied away in an interview from my description of France as having "a capitalist system." He said: "I prefer to speak of a free-market economy. After all, I come from the Socialist Party."

Not expecting to win, the Socialists promised in last year's campaign to reduce the workweek from 39 to 35 hours for the same pay, and to create hundreds of thousands of new jobs.

Squaring these circles has become Mr. Jospin's greatest task in governing.

His government is pushing France's unions and businesses to put aside their long history of bitter, class-centered labor conflict and to negotiate to create together a 35-hour workweek on terms that will then be codified in law.

"France's trade unions are weak, they are numerous and they are divided," Mr. Jospin told me. "And they have to deal with businessmen who are not dedicated to or experienced in real labor negotiations. We must give both sides incentives to deal with each other fairly."

Mr. Jospin would transform industrial and social relations in France if he achieves this seemingly modest ambition. But he will have to do it without any of the bravado and blaze that Margaret Thatcher used in facing down her opponents when she revolutionized Britain's labor relations 15 years ago and laid the groundwork for her country's current prosperity.

Mr. Jospin would bristle at any comparison to Mrs. Thatcher. He finds comparison to her Labour successor, Tony Blair, hard enough to bear.

But Mr. Jospin strikes an American visitor as a man of his times, keenly aware that to succeed in the Europe of the euro he must modify an expensive welfare state whose clients are organized to resist change, not to demand it as they did 30 years ago.

The Washington Post

The Danger of Seeing the Past Through Today's Prism

By William Pfaff

PARIS — A fundamental problem in international relations today, and a growing one, is the inability or unwillingness of people in public affairs to consider the events of another period in the context of the beliefs and prejudices of that time.

They judge people of another time according to the attitudes of today. There may be valid criticisms to be made of periods when values were less tolerant than ours, or rested on more prejudice or ignorance, but the actions of people at that time have to be judged in the context of that ignorance and prejudice and not in terms of the more extensive or complex knowledge that exists today. Otherwise criticism simply feeds the self-righteousness of the people making the judgments. This is true of much "politically correct" discussion of history.

People of another time cannot justly be condemned for what they did not know, or because they acted under the conventional wisdom of that time or under duress. In difficult times people look after their elementary self-interest. That may not be admirable, but it is all but universal.

The new U.S. report on what Nazi Germany did with the gold it seized from Jews says that much of the gold was sent by Swiss banks to neutral countries, where it bought raw materials and other goods necessary to the German war effort. The neutrals in question were Portugal, Spain, Sweden and Turkey.

A New York Times report on the document *(IHT, June 2)* remarks that "the draft report stops short of suggesting that the help to Germany by those neutral nations helped prolong the war in Europe." It surely is a reasonable assumption that it did prolong the war, but that does not make the governments of those countries accomplices of Nazism and genocide.

The United States at exactly the same time was allied with Stalin and supplied and financed the Soviet Union's war against Germany. Does that make it guilty by association for Stalin's monstrous crimes?

The United States wanted to defeat Nazi Germany, and the Soviet Union did, too; hence there was an expedient alliance, covered over by much mendacious and sentimental propaganda in the United States about the Soviet Union's actually being a democracy of a special kind and describing Stalin as a genial father of his people.

Spain and Portugal during the war had right-wing authoritarian governments that were hostile to liberal democracy, which they associated with revolution, atheism and decadence. The Franco regime in Spain had come to power with German and Italian military assistance.

The two governments' natural disposition from the 1930s onward was to sympathize with the claims of national renaissance made by Italy's Fascists and Germany's Nazis. This was combined with an unwillingness to get mixed up in Hitler and Mussolini's war.

Sweden was caught geographically between German-held Norway and Denmark on one side and Finland on the other, a German wartime ally that was attempting to recover lands seized by Stalin.

There were many in the conservative Swedish establishment who sympathized with what they considered an anti-Bolshevik German regime. However, the Swedes sold minerals, steel and precision goods to Germany because, if they had not, Germany would have invaded Sweden and taken what it wanted.

Turkey had been Germany's ally in World War I, and there was much German investment in the country. An early German war aim was to seize control of the Middle East by an offensive linking up its forces in the Balkans with the Afrika Korps.

Turkey's neighbors, Syria and Lebanon, were controlled by Vichy France; Greece was occupied by Germans and Italians, and Bulgaria, another neighbor, was (until late 1944) a German ally. Once again, what were the Turks supposed to do?

The Swiss were the unluckiest of all, at the very center of Western Europe, completely surrounded by Germany, German-controlled France and Germany's ally, Italy. Some Swiss, and some Swiss banks and companies, behaved in edifying ways and some in despicable ways. The Swiss government made what it considered prudent compromises with Germany. How could it have done otherwise?

There are legitimate claims to make against institutions and individuals in the neutral countries of World War II, but vast generalizations about whether the neutral countries "tilted" toward Germany display ignorance of the realities of the past.

The past, of course, is never completely past, as this affair shows. But the attempt to hold the present everlastingly guilty for the past represents a distraction from the present, in which new crimes are being committed that could be prevented.

Does American policy today, or Israeli policy, display the lucidity and moral courage in the pursuit of Middle Eastern peace and justice that the United States demands of the wartime Swiss and Swedes? I think that is an appropriate question, and I think the answer is "no."

International Herald Tribune.
Los Angeles Times Syndicate.

Stirring an Old Cold War Fire

By Gregory Clark

TOKYO — On Oct. 20, 1962, the world woke to find Chinese military divisions advancing into Indian-claimed and occupied territory south of the Himalayas.

"Chinese aggression," screamed the headlines. It took more than 10 years, and the book "India's China War," by the former London Times correspondent in New Delhi, Neville Maxwell, for the world to discover that in fact India had attacked China rather than vice versa.

At the time I was a junior China desk officer in the Australian Department of External Affairs. One needed only to look at a map to discover that the hostilities had begun after India moved troops into the Thagla Ridge area, north of the official version of the McMahon Line, which India was claiming as its northernmost frontier.

In other words, India must have started the fighting. I made it my job to find out whether the British Foreign Office and the U.S. State Department agreed, which they did, reluctantly.

But in those Cold War days, these kinds of facts were irrelevant. China was the enemy; India was a friend; the fighting had to be seen as further proof of Chinese Communist evil, even though Beijing, which had quite a good claim to the territory south of the McMahon Line, withdrew all its troops after defeating India.

All this is relevant to the India-Pakistan confrontation today. China's 1962 border war with India followed the 1959 Tibetan uprising (in which we now find that India and the CIA were involved).

That, combined with the 1958 confrontation with America in the Taiwan Strait and the growing dispute with the Soviet Union, was enough to convince Chinese leaders that they were being surrounded. Alliance with Pakistan was the only way they could break the stranglehold, they reasoned.

But Beijing's linking up with Pakistan simply added to India's angst, which led to the Indian move to encourage the Bangladesh breakaway from Pakistan, which — with the Kashmir issue — led to the impasse in Indian-Pakistani relations and the mutual nuclear testing that we see today.

Worse, New Delhi has apparently decided that its nuclear tests allow it to revive its 1960s grudge against Beijing, just when Tibet again is becoming a sensitive global issue — yet another example of how what seemed like small Cold War exaggerations fester, to create much larger problems decades later.

Whether tit-for-tat testing by Pakistan and India creates a risk of nuclear war is moot. As with the U.S.-Soviet standoff, fear of nuclear retaliation could well be the thing that stops generals on both sides from escalating confrontations. But that does not stop the confrontations. With the China-Tibet issue in the background, the India-Pakistan standoff looks nasty and dangerous.

The writer, a former Australian diplomat, contributed this comment to the International Herald Tribune.

Correction

A Washington Post editorial *(IHT, June 5)* incorrectly stated that Bao Tong, a former high-ranking official in China, was under house arrest. In fact, the Chinese government told Mr. Bao about one week ago that his political rights had been restored.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Fewer Tourists

LONDON — Very few Americans are coming over to Europe this year. The war is making a very great difference in this respect. As for Spain, the war broke out too late in the season to materially affect touring there. Of course, wherever you have an ignorant and excitable population they are liable to be carried away to regrettable demonstrations by local prejudice or national feeling. But that could happen in any country and is not necessarily peculiar to Spain at the present moment.

1923: Bathing Dress

CHICAGO — Women swimmers are entitled to dress for swimming. But in that event they must swim, not pose on the beaches. That is the ultimatum of Walter C. Wright, city dictator of bathing properties. Although he officially has raised the ban, and with it trunks and skirts a few desirable inches above last year's hemline, with this concession he has coupled an unalterable restriction for the fair swimmer — that her siren song be sung from the waves and not from the sands of the shore.

1948: Work for Peace

OMAHA — President Truman said today [June 5] that the United Nations "is working" and urged co-operation to win peace. "In time of war we worked together for victory. Now we must work together to secure peace and the blessings which victory made possible," he declared. "This time we must make sure the tragic events that followed the first World War are not repeated. Looking back, the mistakes made are so obvious and their consequences so terrible there can be no excuse for repeating them."

هكذا من الاصل

In a 'Qualitatively Different' Kashmir, Miscalculation Is Feared

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — For the last month, U.S. intelligence specialists have been poring over satellite photos of a rugged patch of South Asia where roughly one of every 14 people is a soldier in forces that are nursing deep nationalist, cultural and religious antagonisms.

The photos depict mountainous Kashmir, a key objective in three collisions between Pakistan and India in which nearly 20,000 soldiers died. With each new rhetorical barrage between the two countries since their recent nuclear-weapon tests, the intelligence analysts have been watching nervously for acts of military provocation.

What they have found so far is unsettling but not yet alarming. Recent photos reveal that both India and Pakistan have moved a squadron or two of military aircraft closer to Kashmir, allegedly for maneuvers.

They have also moved hundreds of troops nearer to the 360-kilometer (225-mile) "line of control," but in maneuvers that are considered routine during the spring thaw.

In addition, the Indian Army has moved dozens of artillery pieces closer to the line of control. But such an action by itself hardly portends imminent conflict.

The new forces amount to a trickle in a province where there are already 450,000 regular army and paramilitary troops on the Indian side and 250,000 troops on the Pakistani side.

But what might have seemed ordinary in years past is much more worrisome now, U.S. officials say. With the two sides making belligerent comments about Kashmir and also drawing a link between their nuclear arsenals and a future resolution of the conflict, "we're operating in a qualitatively different environment than we were three weeks ago," said one official privy to intelligence reports.

Washington's concern is that if this slow buildup of frontline military forces continues or accelerates, or eventually involves more capable weaponry, it could provoke misunderstanding that might lead to open combat. Bit by bit, officials say, the two sides might convince each other they are preparing for war, increasing the chances that it might suddenly erupt.

Alternatively, the officials say, India might decide to fulfill a senior government official's recent threat to engage in "hot pursuit" of Pakistani-sponsored terrorists in the portion of Kashmir controlled by Pakistan.

Any such incursion by troops and helicopters could lead to wider war.

Karl Inderfurth, assistant secretary of state for South Asian affairs, while not revealing details about the maneuvers when he appeared Wednesday before a Senate Foreign Relations subcommittee, confirmed that Washington had noted recent worrisome military movements in Kashmir and said U.S. officials were unsure of "the level of threats" posed.

Mr. Inderfurth said the U.S. was "concerned about the potential for miscalculation and escalation."

The concerns stem in part from a series of recent classified and unclassified studies by the Rand Corp. and others, which suggest that a major clash between the conventional forces now in place in Kashmir would peak and begin to burn itself out in just a few weeks, without a victor.

That means scant time would pass before military commanders on one side or the other would confront pressures to resolve the stalemate by unleashing unconventional weaponry — either chemical or nuclear.

"In the present order of battle, the Pakistanis are actually much closer to the Indians in capability than either country now believes," said Ashley Tellis, an analyst at Rand who wrote one of the studies last year for the U.S. Army's intelligence service. "Neither side can sustain a conflict for more than three weeks" with existing Kashmir forces.

But he and other analysts say that India could call on major reinforcements to overwhelm the Pakistanis eventually, providing an incentive for Islamabad to use its ultimate weapons in a preemptive strike before the reinforcements arrive. The pressures stem in part from the fact that Pakistan's capital is roughly 80 kilometers from the line of control, and the country's second-largest city, Lahore, lies just 10 miles from the Indian border.

No one can predict precisely how many millions of people might die in a nuclear exchange between the two countries. But U.S. officials say that nuclear weapons could be delivered by India's MiG, Sukhoi or Jaguar aircraft, and, on the Pakistani side, the F-16 aircraft bought from the United States and M-11 ballistic missiles purchased from China.

Each is capable of reaching at least a few major population centers on the opposing side in less than 10 minutes.

Moreover, U.S. analysts say, each side has little access to reliable intelligence and may not know until too late that it had acted preemptively on the basis of erroneous information. India, for example, has its own military satellite, but its resolution is not good enough to detect missile launch preparations or small-scale movements.

Pakistan is forced to rely on commercially purchased satellite imagery, but such pictures are virtually useless in a fast-changing crisis.

"Both sides are going to have to assume that if a conflict escalates, the other side is prepared to escalate to the nuclear level," said George Perkovich, an arms control expert at the W. Alton Jones Foundation who has written a soon-to-be-published book on India's nuclear program. "The Pakistanis will not know if India is fueling its missiles or if they are about to come under attack. Their military leaders will be saying, 'We must use our missiles before we get hit.' "

American analysts say, as a result, that the two sides are already locked in a worrisome hair-trigger posture in Kashmir with ample opportunity for error.

Israeli Papers Report Plan To Restore Mideast Talks

U.S. Package Tightens Terms for Palestinians

By Serge Schmemann
New York Times Service

JERUSALEM — Two Israeli newspapers have published details of a purported U.S. package plan that would finally restore negotiations between Israel and the Palestinians.

Israeli and American officials said an agreement could be reached in days.

The plan, as reported in the Ha'aretz and Maariv newspapers, retained the 13 percent withdrawal that the Palestinians and the Clinton administration have insisted upon as a minimum for resuming talks.

But it twinned the phased withdrawals to specific obligations on the Palestinians to undertake security measures that Prime Minister Benjamin Netanyahu has demanded of it, including a collection of illegal weapons in Palestinian territories and concrete procedures for dealing with incitement, terror suspects and arms smuggling.

The plan also included separate "understandings," one of which was that Israel would build no new settlements and would not allow "significant" expansion of existing settlements in the West Bank.

Neither American nor Israeli officials would confirm the authenticity of the plan, and it was not clear whether any such proposals had been presented by the Americans in writing. The publications Thursday followed a flurry of diplomatic activities this week by American, Palestinian and Israeli diplomats, including meetings in London earlier this week between Dennis Ross, the American Middle East mediator, and two senior Palestinian negotiators.

In Gaza, the Palestinian leader made no specific comment on the published plans, but he said he hoped for movement by mid-June.

"According to the American initiative, they promised that the redeployment would be decided no later than the middle of this month," Mr. Arafat said.

"We hope so," Mr. Arafat added.

Though the Palestinians have agreed to a 13 percent withdrawal by Israel, that encompasses only two of three withdrawals envisioned in the Oslo agreements, and the scope of the third, which was relegated in the proposal to "a joint Palestinian-Israeli committee," was reportedly still a matter of contention.

Yet American and Israeli officials seemed optimistic that some break in the 15-month deadlock in negotiations, during which Washington has taken an increasingly active and assertive role, was near.

In recent months, the negotiations have been, in essence, between the Clinton administration and Mr. Netanyahu, often accompanied by ill-concealed irritation, threats and maneuvering.

Though Mr. Netanyahu has strongly argued that a 13-percent pullback in the West Bank would pose a serious threat to Israeli security, what evidently made the latest proposal palatable was the extensive reciprocity — a concept Mr. Netanyahu has repeatedly stressed — between Palestinian actions against terror and anti-Israeli incitement, and the Israeli withdrawals.

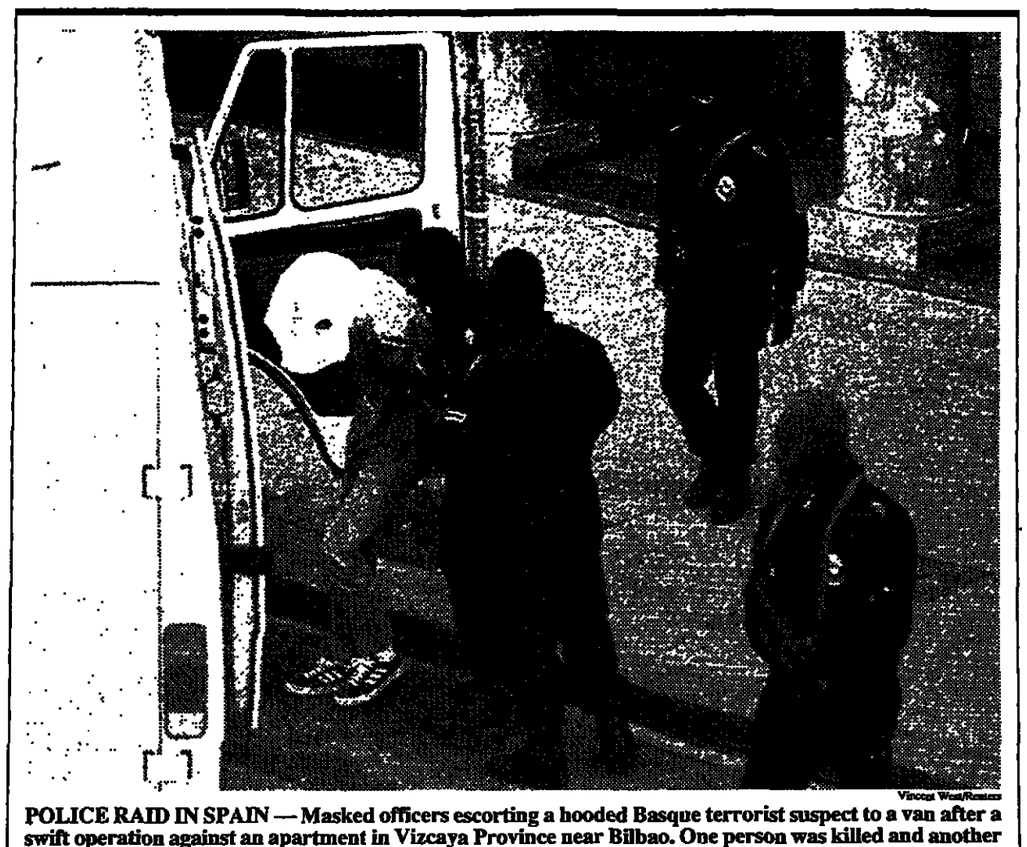
As set out by David Makovsky, the diplomatic reporter for Ha'aretz, the package proposed a three-staged plan over 12 weeks. Negotiations on a final settlement, which under the Oslo accord are to be completed by May 4, 1999, would begin immediately.

Within the first five weeks, Israel would transfer two percent of West Bank territory still under its control to full or partial Palestinian control. At the same time, the executive committee of the Palestine Liberation Organization would endorse a letter from Mr. Arafat to President Bill Clinton confirming changes in the Palestinian Charter, which orginally called for the destruction of Israel.

During this period, the Palestinians would also take specified steps against incitement, while an American- Palestinian security committee would be created to determine the whereabouts of Palestinians who have committed terrorist acts.

In the next stage, after six weeks, Israel would withdraw from a further 5 percent, while the Palestinians would undertake a program for the confiscation of illegal arms.

In the 12th week, Israel would withdraw from an additional 6 percent.



Vincent West/Reuters

POLICE RAID IN SPAIN — Masked officers escorting a hooded Basque terrorist suspect to a van after a swift operation against an apartment in Vizcaya Province near Bilbao. One person was killed and another wounded. The police said that 15 arrests were made and that a conspiratorial group was broken up.

U.S. Envoy Wants More Consulates in France

The Associated Press

PARIS — The U.S. ambassador to France said Friday that he planned to reverse the trend of cutting the American diplomatic presence in the French provinces, which are expanding their business ties in the European Union and with the rest of the world.

Trying to catch up with European diplomatic missions, the U.S. Embassy in Paris has asked Washington to approve a small office in the southeastern city of Lyon, Ambassador Felix Rohatyn said. The program could be expanded to Bordeaux, then Toulouse and Rennes.

Two or three Paris Embassy personnel would staff the offices, "representing American business interests as well as explaining the United States in a more coherent way" to help improve relations, Mr. Rohatyn said.

Budget cuts that have left only two U.S. consulates in France, in Marseille and Strasbourg.

But in visits to Lyon and Lille, the ambassador said, officials there spoke of business ties with cities like Barcelona and Turin. The movement has accelerated before the 1999 advent of the euro, Europe's single currency.

"Europe is being made more rapidly in the regions, probably more rapidly than in the capitals," he told the Anglo-American Press Association.

Lebed, in Tuxedo, Takes Office

The Associated Press

MOSCOW — Alexander Lebed, the former army general and national security chief, was sworn in Friday as governor of the huge Krasnoyarsk region in central Siberia — a post seen by many as a potential springboard to the Russian presidency.

During the inauguration ceremony, Mr. Lebed took an oath on a Bible and was blessed by Bishop Antoniy, head of the Russian Orthodox Church in the region.

Mr. Lebed put on a tuxedo for the occasion — a significant choice in a country where tuxedos were deemed unacceptably "bourgeois" during seven decades of Communist rule.

Mr. Lebed, a gravelly-voiced former paratroop commander, ran for president of Russia in 1996, and he has long said that he plans to run again.

He played down those ambitions during the gubernatorial race, however, saying he would seek the presidency in the year 2000 only if he succeeded in improving the economy in the Krasnoyarsk region, which is rich in oil and other minerals and has a strong farming and industrial base.

Speaking to reporters, Mr. Lebed criticized Moscow for keeping a disproportionate share of Russia's money, but he said he hoped to reach agreement with the federal government over the sharing of money, avoiding confrontation.

INDIA:
It Finds Fault

Continued from Page 1

deploying nuclear weapons.

In response to the foreign ministers' plea that New Delhi and Islamabad discuss issues at the root of tension between them "including Kashmir," the Indian statement said: "We reiterate once again that there is no room for any outside involvement of any nature whatsoever in this process."

In Islamabad, the Pakistan government applauded the disarmament conference in Geneva, saying it had adopted a "comprehensive approach" to peace and security in South Asia and addressed "not only the nonproliferation issue but also the threat to peace and security," a Foreign Office spokesman said.

The spokesman said that Pakistan was not interested in a nuclear or conventional arms race and that it had always exercised utmost restraint.

"We repeatedly invited India to enter into bilateral or regional nonproliferation arrangements with us," he said.

Pakistan, he said, acted only under compulsion to correct the strategic imbalance.

"In future too, we will continue to conduct ourselves with restraint and responsibility," he added.

He said, however, that Pakistan would not allow itself to be placed in a position of strategic vulnerability or inequality.

"While we will not provoke escalation, our responses will be carefully calibrated to respond to any provocation or escalation by India," he said.

"We will establish and maintain balance and stability in the nuclear, missile and conventional fields with India," he added.

The Geneva meeting called for "urgent efforts to prevent a nuclear and missile arms race" in the Asian Subcontinent and vowed to "encourage reconciliation and peaceful resolution of differences between India and Pakistan" in order to reduce regional tensions.

The Pakistan statement made no reference to the Comprehensive Test Ban Treaty, which India and Pakistan do not accept, or the calls to both the countries not to deploy nuclear weapons.

The United States and Japan have cut several billion dollars in aid and cheap loans to India and Pakistan in protest against the tests.

Earlier, India said it was in touch with leading nations to explain its stance as it faced virtual international isolation following the May 11-13 tests.

A Foreign Ministry spokesman, K. C. Singh, said: "We are in touch with a number of countries with a view to communicating to them our point of view. Other countries are also in touch with us."

Mr. Singh said an aide to Prime Minister Atal Behari Vajpayee was visiting Britain after meeting French leaders.

"The prime minister's principal secretary, Brajesh Mishra, is currently visiting the United Kingdom," and there are plans for a Russian visit, he said.

(Reuters, AFP)

Oran Henderson, My Lai Figure, Dies

New York Times Service

Colonel Oran K. Henderson, the highest-ranking officer to be tried as a consequence of the killings of Vietnamese civilians in My Lai in 1968, died Tuesday of pancreatic cancer at a veterans hospital in Lebanon, Pennsylvania. He was 77 years old.

Colonel Henderson, a career officer, was acquitted in a court martial in 1971, leaving Lieutenant William Calley Jr., a platoon leader, as the only soldier found guilty and punished for the massacre in My Lai.

The killings took place on March 16, 1968, as the 105 men of Company C attacked the hamlet of 700 people, believing it was a Viet Cong base. According to Seymour Hersh, whose reporting on My Lai was awarded a 1970 Pulitzer Prize, no Viet Cong were encountered. But at least 350 civilians were killed, among them women and children, at My Lai alone, and there were other killings by B company at nearby hamlets.

That day, March 16, was Colonel Henderson's first as the commanding officer of the newly formed 11th Infantry Brigade, which included Company C. When the assault was mounted, he was watching from a command helicopter circling over My Lai.

Ultimately, the army charged 25 officers and enlisted men with having taken part in the massacre in some way or of having covered it up. Of this total, 19 men had charges against them dropped without facing trials.

Colonel Henderson was charged with willful dereliction of duty for not having carried out an adequate investigation. He was acquitted in 1971.

Joseph C. Harsch, 93, Journalist for 70 Years

NEW YORK (NYT) — Joseph C. Harsch, a dashing newspaper, radio and television journalist and author who had a knack for being on hand when history was made, died Wednesday at his home in Jamestown, Rhode Island. He was 93.

Mr. Harsch, an Ohio-born Christian Scientist, worked for the Christian Science Monitor from 1929 to 1988. For half those years, he worked concurrently for network radio and television: for CBS from 1943 to 1949 and later for NBC and then ABC.

He was a correspondent in Washington in the Depression-racked 1930s and then covered World War II initially from bases in Fascist Rome and then Hitler's Berlin from 1939 to 1941.

After the war, he was a columnist for The Monitor and its chief editorial writer.

Late in his life, he won praise for a volume of memoirs, "At the Hinge of History: A Reporter's Story" (1993, University of Georgia Press).

His many writings also included the books "Pattern of Conquest" (1941) and "The Curtain Isn't Iron" (1950).

David Walsh, 52, founder of the disgraced Bre-X Minerals Ltd., which attracted thousands of investors with tales of the greatest gold find this century, died Thursday in a hospital in Nassau, the Bahamas. He suffered a stroke on Sunday, two days after the Bahamas Supreme Court froze his assets at the request of trustees handling his Canadian company's bankruptcy.

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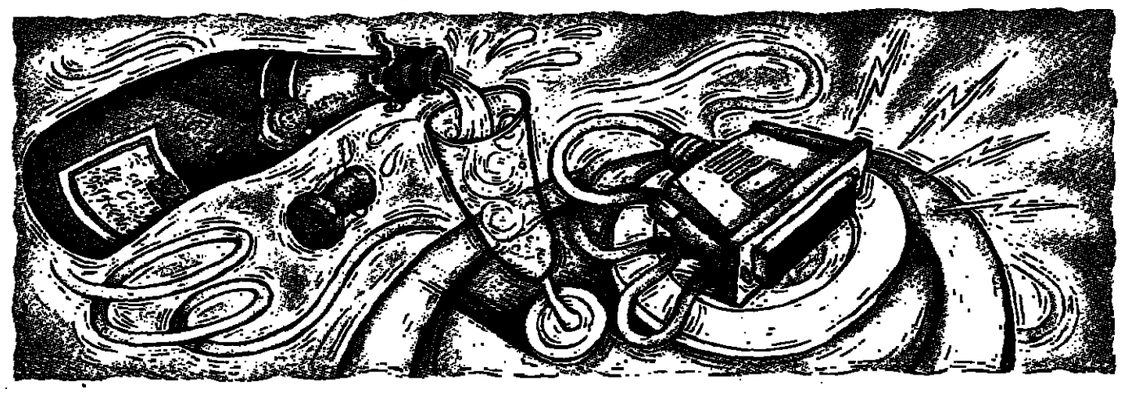

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ART

Unraveling the Islamic Cultures

Freer Gallery Takes a Narrow but Intense Focus

By Souren Melikian
International Herald Tribune

WASHINGTON — Introducing the art of a distant land with a long past and a complex, unfamiliar culture is a museum curator's ultimate ordeal. Make it four or five different cultures, at times closely linked and at others tenuously connected, and the test becomes all but unwinnable.

That is the problem with any display of so-called "Islamic" art, a concept devised in the 19th century that has no more substance than "Christian art" would have, if understood to describe, say, the art of France, Italy, Germany and Spain from the year 700 to 1700, hoping that something visually coherent would come out of it. If they tried it in Cairo, Istanbul or Tehran, snickers would greet the undertaking.

But this is exactly what Western institutions do to the cultures where Islam prevails as a religion. A mishmash jumbles together the objects and book paintings of the Iranian world — the most abundantly represented in Western collections because, like China in the Far East, it had the largest artistic production — of the Arab Near East from Egypt to Syria, and of Turkey generally represented through its 16th- and 17th-century ceramics and book painting. The resulting confusion acts as a deterrent on the public, which has difficulty looking at bewilderingly diverse objects.

The real solution would be Arab rooms, Iranian rooms and Turkish rooms. If there is any other answer to the conundrum, it may be the one submitted by the Freer Gallery of Art and its associate curator of Near Eastern Islamic art, Massumeh Farhad, in the two "Islamic Rooms" that opened last month.

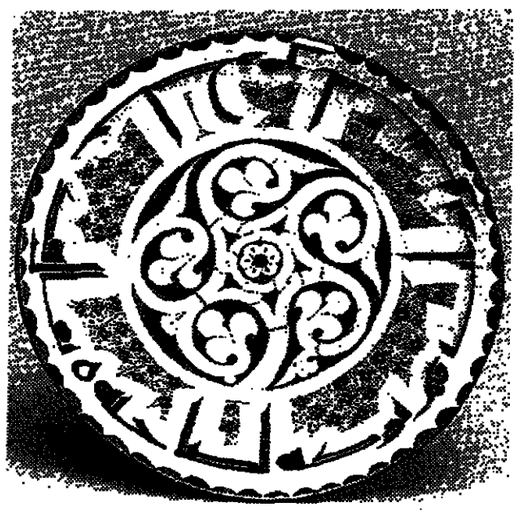
Avoiding the pitfall of a panoramic survey, hopeless in a small space, the solution retained is a clear focus on a few major aspects of the art of Iran, or Egypt, or Syria or Turkey. Small clusters of outstanding works, six at the most, appear in cases that are wide apart so that they do not clash with each other. It can work if you have masterpieces at hand. The Freer undoubtedly does.

STEPPING into room one, visitors are immediately drawn to a case that contains three of the greatest vessels produced in Neyshabur, the metropolis of the East Iranian province of Khorāsan.

One is a large bowl decorated on its slanting walls with an inscription in the admirable 10th-century "rounded Kufic" script, that combines straight strokes as sharp as an arrow with plunging curves as tense as a bow at the ready. It calls "divine grace upon its owner" and wryly advises, in the form of an Arabic maxim: "Verily he is in danger, he who is satisfied with his own views" (*qad khatara man istaghna bi-ra'iyihi*).

The calligraphy turns around a tree stylized to quasi-abstraction, with leaves like trilobate palmettes and bird-heads reduced to spiky lobes with a circle for the eye appearing under the leaves. This is the "talking tree" that according to the 10th-century "Book of Kings" (Shah-Nameh) is seen by Alexander the Great toward the end of his peregrinations through the world as he searches for the Fount of Life. The bowl is thus made into a metaphor of the Fount of Life, filled with Alexandrine beverage.

Nearby, a circular tray is just painted with pure calligraphy — a maxim written twice in elongated rounded Kufic with a powerful rhythm. A third vessel is, on the contrary, primarily figural. Two birds boldly painted across the walls can be seen, on closer inspection, to be inscribed on the side with the word *baraka*, "divine grace." In the Sufi tradition, birds speak the language of esotericism. This wishes the owner divine grace that may lead to the understanding of esoteric truth.



Freer Gallery of Art

Plate produced in Neyshabur, Iran, in the 10th century (top), and a 13th-century Syrian silver inlaid canteen.

This grouping effectively dispels an old canard — that calligraphy rose to great heights in the Islamic world because figuration was banned. Actually, the two went together.

Far to the left, two vessels painted in golden luster in 11th- and 12th-century Egypt help debunk another canard, that figural art thrived in Iran, but not in the Arab world. It did just as much, but it stopped earlier and survives in smaller numbers. One of the two vessels is painted with the figure of a dancer waving her sleeves, boldly spreading across the entire surface. It is handled in an Expressionist manner that was to remain a distinctive feature of Arab figural art.

The other vessel, a circular tray, is painted with the monumental effigy of a horseman equipped to go hawking, his arm extended to allow the kestrel to rest on his wrist. He wears the short tunic of Eastern Iran with which Fatimid Egypt entertained close relations. Hawking traveled from there to the Arab world, which later passed it on to medieval Europe.

As if to underscore the Western attraction to the ways and artifacts of the East, a rock crystal flask of the 9th or 10th century is displayed in the same case. It was mounted in gold and cloisonné enamel while in the collection of the Habsburg monarch Rudolph II. How the flask got to the Prague court is not known. This is only one of the many unanswered questions hovering over the objects of the Islamic world.

The display cleverly brings out some of these. In one vitrine, two extraordinary pieces of Syrian metalwork illustrate one of the enigmas of Arab art in the 13th century. One is a basin with the name and titles of Sultan al-Malik as-Salih Najmuddin Ayyub, the other a canteen shaped like a circular flask. Their silver-inlaid scenes deal with Christian themes ("The Annunciation," "The Presentation in the Temple") and others that are not. A scholar suggested that they could have been made for Europeans living in the Holy Land.

BUT this seems unlikely. The scenes other than the Christian images deal with court pastimes — a game of polo on the basin, warfare on the canteen. Taken together with the official titles of the sultan on the basin and the fact that both vessels are of princely quality pointing to a court atelier, this suggests a commission from Syrian Christians (the iconographic conventions are consistent with those found in Syriac gospels) close to the sultan's inner circle. More may come to light now that the pieces can be scrutinized afresh.

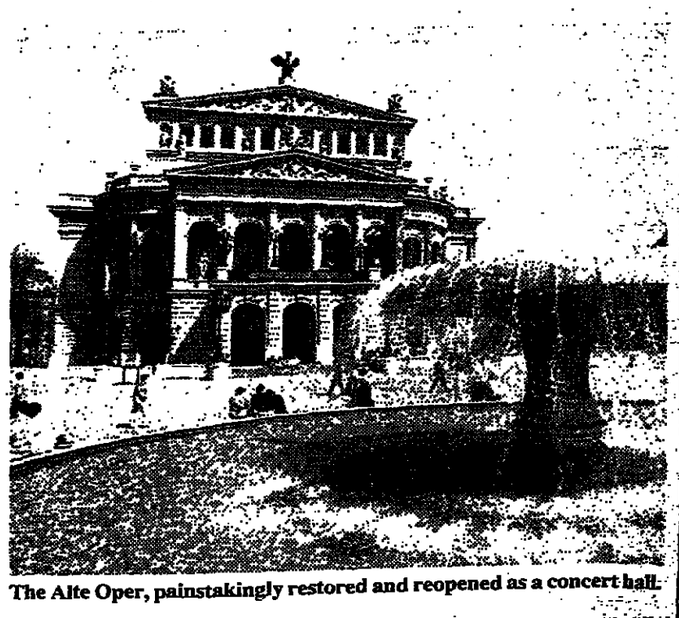
Another case encloses three famous vessels in polychrome pottery from 13th-century Iran. A beaker is painted with elongated panels in the manner of manuscript painting illustrating episodes from the 10th-century "Book of Kings." A circular tray depicts the storming of a citadel with the names of the main characters inscribed over them. The third piece, a wine bowl, is decorated with a princely couple, beaker in hand, a motif sung in countless Persian verses about spring-time feasting.

Together, the three pieces emphasize the intimate link between the written word and visual art in Iranian culture and the need to have access to its rich literature to get, literally, the full picture. Yet, this is done with such a lightness in touch that it does not mar the newcomer's enjoyment while goading the addict into sharpened attention. And that is no mean measure of the achievement by the Freer's curator in her new display.

Frankfurt Suffers For Its Art

Cultural Giant Is Laid Low

By Anne Midgette
New York Times Service



The Alte Oper, painstakingly restored and reopened as a concert hall.

FRANKFURT — Picture a society that has world-renowned architects design spacious, beautiful museums, open to its citizens free of charge; that spends millions renovating buildings into concert halls and theaters; that invites performing artists from around the globe to come and work, and gives them spaces in which to display their work when they're done.

Now picture a society that has no money for the arts: where the museums charge steep admission fees for shows that in some cases no one wants to see, where the opera can afford to give only a handful of performances a month, where dance companies close and visual and performing artists leave town because they're no longer able to do their work.

The first society is Frankfurt 10 years ago. The second is Frankfurt today. And the transformation illustrates all that's best and worst about the German system of government-subsidized culture — a system that in today's economic landscape is facing the prospect of significant structural change whether it wants it or not.

Frankfurt is an extreme case. The city is broke. Germany's banking center, styled "the city of the euro," is $4.5 billion in debt. It is a fine example of the perils of living beyond one's means: The city tries to support all of the amenities of a major metropolis, from a subway system to its generously proportioned cultural life, with the tax revenues from a mere 650,000 citizens and very little support from the state.

In the Federal Republic of Germany, public arts financing is borne primarily by the states, not the national government. The states had to cut back support to their cities after they were compelled to start "solidarity payments" to help finance German reunification in the early 1990s, and they tend to give state capitals the biggest share of their subsidies in any case.

Munich, for example, one of Germany's wealthiest cities, has two state opera houses, two state theaters and two state museums: 51 percent of its cultural financing comes from the state of Bavaria. But in the state of Hesse, it is Wiesbaden, not Frankfurt, that is the capital, and Frankfurt receives only 6 percent of its cultural budget from Hesse; Frankfurt's cultural institutions are municipal rather than state (the Stadtische Buhnen, or City Theaters, rather than the Staatsoper, or State Opera).

So a city half Munich's size, with only a fraction of its resources, is trying to compete with the Bavarian capital and other German cities. Small wonder that when the crunch hit in 1993, Frankfurt found itself so strapped that it started dimming its street lights after 9 P.M. to save on its electric bill.

In its heyday, however, Frankfurt put itself on the German cultural map. In the 1980s, it had both the money and the initiative. Hilmar Hofmann, who ran the city's cultural scene for two decades as cultural adviser, did his best to use his power to create an artistic utopia.

From the late 1970s to the early '90s, 12 major museums were built or completely renovated. The Alte Oper, the bombed-out old opera house that had sat in ruins since the war, was painstakingly restored and reopened as a concert hall in 1981.

At the Stadtische Buhnen, the conductor Michael Gielen led operas staged by such avant-garde directors as Ruth Berghaus and Hans Neuenfels; the Playhouse (Schauspiel) erupted with scandals over works by the filmmaker Rainer Werner Fassbinder and the theater director Einar Schleef; and the choreographer William Forsythe arrived in 1984 to take over the ballet company and transform it into the critically applauded blend of ballet and modern Tanz-theater that it is today.

Smaller institutions opened, too, and flourished: the experimental Theater am Turm, or TAT, presented cutting-edge companies from around the world (the Wooster Group was one); the Mousonturm, with a similar program, also cultivated in-house groups like Rui Horta's innovative dance company, SOAP. At its height, 12.5 percent of the city's annual budget went to support culture.

Frankfurt's overspending had a certain manic quality. "We knew it couldn't last," says Martina Aschmies, the Mousonturm's communications director. "But I think it's good that Mr. Hofmann created such a flourishing cultural landscape. All you can do is set it up and hope it has the strength to survive."

The question now is what will survive. When the $4.5 billion deficit first became evident in 1993 (it has held steady since), it was clear that arts support would have to be reduced, although cultural spending still represents about 8.5 percent of the city budget.

How to implement cuts was less clear. Any cut was bound to raise howls of pain from Frankfurt arts administrators. In the continuing cultural crisis, politicians have been so roundly criticized, that one might think they were willfully making senseless cuts on a whim, rather than reacting to a financial crisis so severe that Hesse at one point threatened to take away Frankfurt's financial autonomy altogether.

It takes the objectivity of a resident foreigner like Forsythe or Christopher Hunt, the recently departed director of the Alte Oper, to note that "the politicians' position is impossible; there is no money," as Hunt put it.

Being democratic, the politicians opted for evenhanded reductions across the board. Aschmies of the Mousonturm, and most other cultural administrators in Frankfurt, objected to what they call "the lawn mower principle" of reducing financing.

"What was needed were concepts," Aschmies said. "If there had to be closures, they should have been made decisively, not just these small cuts every year so the whole thing withers away."

The conductor Sylvain Cambreling, who took over as artistic director of the Frankfurt Opera in 1993, just as the crisis struck, watched his budget dwindle, too, until he left in disgust in 1997. "It's like taking a three-star gourmet restaurant and turning it into a McDonald's," he said.

In general, this essentially conservative country doesn't take well to change. Suggestions regarding the virtues of private arts financing on the American model were received with the polite but firm opinion that it could never work in Germany.

Now in Frankfurt, after some years of much-touted and undeniable crisis, you can actually hear people talking about the necessity for change.

U.S. Museums to Search Collections for Nazi Loot

New York Times Service

WORCESTER, Massachusetts — The Association of American Art Museum Directors has pledged that its members will review their collections in search of artworks that were illegally taken from their owners in the Nazi era.

The action by the group, which represents the 170 largest art museums in North America, comes after several cases of questioned ownership that raised suspicions that museums own or display tainted works.

The association, here for its annual meeting, said that from now on, its members would review the provenance records of works that are lent to them for exhibitions and will conduct far more scrupulous ownership research before acquiring pieces. And members agreed to respond quickly to any claims that arise, using mediation if necessary. They asked families with potential claims to make inquiries.

"I'd hope that all families with claims would come forward," said Philippe de Montebello, director of the Metropolitan Museum of Art, who is chairman of a 14-member task force created in January to produce guidelines to deal with World War II art losses. And Robert Bergman, director of the Cleveland Museum of Art, said: "We're inviting dialogue, a joint effort on the problem."

The association is a voluntary group without binding authority over its members. But the fact that it adopted even a vague set of guidelines on looted art was called significant by past critics.

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BOOKS

THE NASHVILLE SOUND

Authenticity, Commercialization, and Country Music

By Joli Jensen. 218 pages. $29.95. Vanderbilt/Country Music Foundation Press.

Reviewed by Jonathan Yardley

IT is appropriate that Vanderbilt University Press has begun a joint undertaking with the Country Music Hall of Fame.

The press is part of the most distinguished educational institution in Nashville, the city that likes to think of itself as "The Athens of the South," while the Hall of Fame — now that the Grand Ol' Opry has left town and moved to the 'burbs — is the biggest drawing card for devotees of the city's most famous product, country music.

The marriage of academe and popular culture may look like one made in Heaven, but "The Nashville Sound," its first original publication, suggests wedlock in a far steamier place.

It is almost impossible to exaggerate how bad this book is in so many ways. Its subject may be country music, but its impenetrable prose is couched in the vocabulary that is killing the humanities in academia — "iconographically," "mythic resonance," "iconic media setting," "canonization," "valorizes," "demonizes," "semiotic," "hierarchical" — while the style is almost indigestible:

"What I am arguing for can be called an interpretive approach to culture production, which stands in contrast to earlier versions of a 'production of culture' perspective, as well as to the political economy perspective in communications research. From the interpretive perspective, material conditions like 'the music industry' and 'the marketplace' may seem concrete and causal, but they are best understood as being created by ideas, values and beliefs. These interpretive processes are actualized in policies and practices, which are actualized in political, economic and institutional relations. But ideas, values and beliefs are what make up our cultural, social, political and economic relationships."

To be sure, anyone who keeps up with the worst excesses of academia can come up with even more absurd examples of obfuscation gone berserk, but for our purposes that one will do.

The subject of this book, after all, is not the later fiction of William S. Burroughs but the music written and sung by the likes of Lefty Frizzell, Hank Williams and Patsy Cline. Yes, that music has implications larger than its ostensibly "hillbilly" origins and following, but to write about it as above — and then to discuss those implications by hauling out the likes of Hannah Arendt, Edward Shils, Oscar (Good Ol' Boy) Handlin and the like — is really, truly ridiculous.

Strip away all the pompous lard and what Joli Jensen is saying, or failing to say in a comprehensible way, is that "authenticity" and "commercialization" in country music are complicated notions not easily pigeonholed. It's an accurate, if obvious, point.

The transition that country music made in the 1960s and 1970s from rough and ready honky-tonk to the smooth, decidedly commercial "Nashville Sound" was complicated. It was not a calculated attempt to separate the music from its alleged (and highly questionable) roots, but an evolutionary process. Some of what happened was deliberate and even cynical, but much of it took place as does so much else in life: serendipitously.

Jensen is not obtuse or inflexible. She grasps many of the issues revolving around "genuine" as opposed to "ersatz" country, as well as the difference between country and pop, which she understands fed off each other in useful ways. As a child of the academic community in the early 1970s, she is captive to some of its silliest fantasies, but she also understands that commercialization is hardly as bad as some of us imagine, that the music can retain its integrity through many sweeping changes.

All of which is fine. This is not a stupid book, not by any means; indeed, among its frustrations is that one senses an intelligent mind behind it. But Jensen has marched in lockstep through all the routines to which too many bright academics are subjected. She trots out all the old hobgoblins of the 1960s and puts them through their familiar, tired paces.

There are useful and even important things to be said about country music and what has happened to it in recent decades, and in her fashion Jensen says a few of them, but her fashion is so willfully impenetrable as to put off all readers save those who speak the same language.

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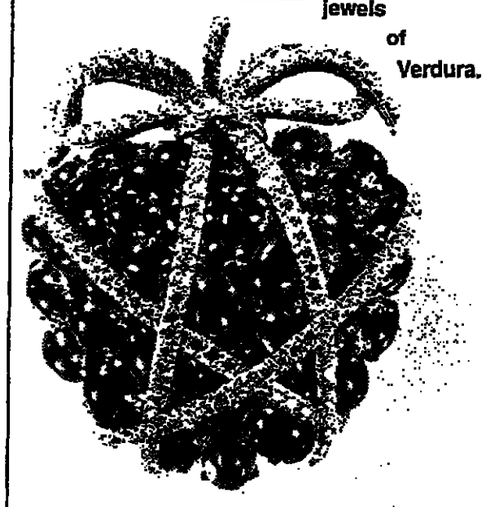

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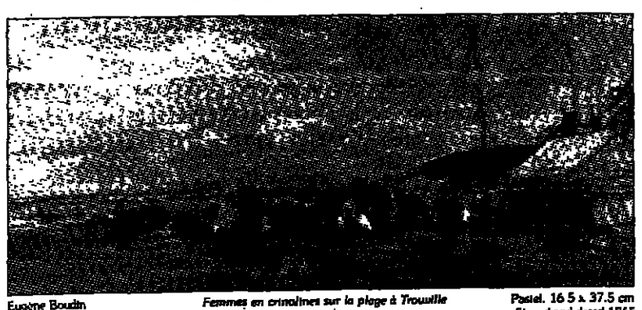

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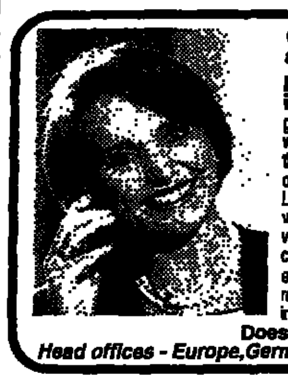

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Setting Up Business for Good Cause

Indian Entrepreneur Tackles Epidemic That Kills 800,000 Children

INTERNATIONAL STO

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Setting Up Business for Good Cause

Indian Entrepreneur Tackles Epidemic That Kills 800,000 Children

By Miriam Jordan
Special to the Herald Tribune

BANGALORE, India — Summertime, and the living ain't easy. It is hot, wells dry up and the water quality plunges, leaving Indian children especially vulnerable to diarrhea.

About 800,000 Indian children aged 5 and younger die of diarrhea-related ailments each year. The vast majority of the deaths occur between May and August — virtually unnoticed.

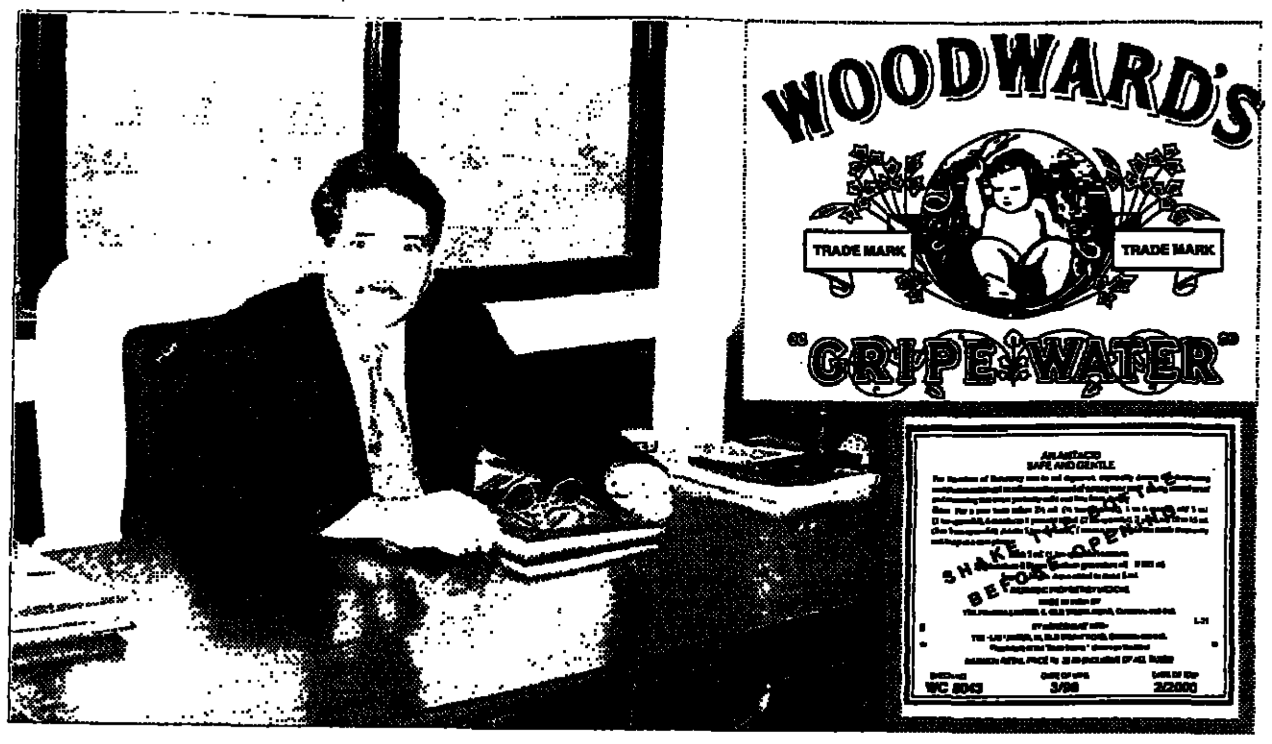
"The magnitude of the problem is worse than a Bhopal tragedy happening every day," said Dr. Jon Rohde, a former Unicef chief in India and an expert on child health. He was referring to the Union Carbide toxic gas leak in India in 1984, the world's worst industrial disaster which killed at least 2,000 people. "But no one talks about diarrhea, and it is accorded no importance."

What makes it even more tragic is that it was India that figured out how to beat diarrhea some 25 years ago. The remedy is a powder called oral rehydration salts, or ORS, and it was hailed as a medical breakthrough because it is easy to prepare, effective and inexpensive. The water-soluble formula, consisting of sodium, potassium, glucose and chloride, has saved the lives of millions of children worldwide.

But for cultural and marketing reasons, neither the government nor private industry has succeeded in getting Indian parents to use ORS when diarrhea strikes. Now, health experts are hopeful that T.T. Jagannathan, a southern Indian entrepreneur, can overcome the hurdles.

As head of the diversified TTK Group, the Cornell-educated Mr. Jagannathan has proven he can crack tough markets as well as turn profits from social causes. His "Mantra" brand of pressure cookers is the biggest-selling one in the United States.

In India, his kitchenware, shoe polish, and herbal medicine are household names. Mr. Jagannathan, 50, has turned the TTK condom factory into one of the world's largest producers and exporters of prophylactics.



T. T. Jagannathan, an Indian entrepreneur hoping to overcome cultural and market hurdles to sell his product.

So, the United States Agency for International Development and the Industrial Credit & Investment Corp. of India, a leading financial institution, teamed up to persuade Mr. Jagannathan to use his marketing smarts to make ORS a profitable business.

Lucia Ferraz-Tabor, an adviser to the project, said, "We convinced him that there is a business opportunity here. The potential market is huge."

After poring over market-research studies for 18 months, Mr. Jagannathan accepted the challenge.

Mr. Jagannathan's strategy is to stoke new demand for ORS by selling the powder under his brand name Woodward's, which is popularly known for its "gripe water," a mild medicine for indigestion that Indian mothers have given their children for three generations.

Currently, less than one-third of all Indian mothers use ORS, and Mr. Jagannathan says he will not be satisfied until the powder packs become to diarrhea what aspirin is to a headache.

To catapult him into the market, the U.S. Agency for International Development has committed to lending Mr. Jagannathan $1 million to $2 million for mass-marketing. That assistance is now in jeopardy because of U.S. sanctions that cut aid and credit to India. But agency officials hope that the project will be spared under a clause that exempts humanitarian aid from sanctions.

See ORS, Page 12

A Burst of New Jobs Powers U.S. Markets

Compiled by Our Staff From Dispatches

WASHINGTON — The American economy unexpectedly churned out nearly 300,000 new jobs in May, holding the U.S. unemployment rate down at a 28-year low of 4.3 percent, the Labor Department reported Friday.

Stock and bond prices rose sharply after the report, which also showed wages rising at a tame pace.

The seasonally adjusted rate matched April's and was the lowest since February 1970. Many analysts had considered the April rate, down from 4.7 percent in March, a fluke. But the new report underscored the labor market's strength.

Employers added 296,000 jobs in May, nearly matching the robust 302,000 gain in April, which was revised up from an early estimate of 262,000. A surge in service jobs in May overpowered declines in manufacturing and construction.

Some economists said the stronger-than-expected report, which also showed healthy wage gains, raised the prospect that the Federal Reserve Board might raise interest rates to slow economic growth and thus pre-empt any acceleration in inflation.

"The recent pace of job growth is too strong for the comfort of the Fed," said Bruce Steinberg, an economist at Merrill Lynch & Co. "For the Fed to remain on hold beyond July, job growth must slow."

Others disagreed. "The growth in service jobs will help keep this expansion going for a long time," said Alan Day, an economist at Stratevest Group. "Alan Greenspan will raise his eyebrows, but won't raise interest rates."

Wall Street was happy with the report's indication that inflation remains relatively tame. Average hourly earnings rose just 0.3 percent in May, or 4 cents, to $12.73 after advancing 6 cents in April.

The average work week ticked up to 34.7 hours from 34.5. In manufacturing, it rose to 41.7 hours from 41.4.

The Dow Jones industrial average climbed back above the key 9,000 level, closing 167.15 points higher at 9,037.71. The price of the benchmark 30-year Treasury bond rose 12/32 point, to 104 22/32, taking the yield down to 5.79 percent from 5.82 percent Thursday.

A parts plant walkout hits General Motors. Page 12.

"The worry has been over corporate earnings over the past couple weeks and the fact that there's a strong jobs market means the economy is strong," said Bruce Bittles, a market strategist at J.C. Bradford & Co. "I don't think anyone cares about inflation as long as the Asian crisis is overhanging. Nobody thinks they're going to raise rates with recession looming in Japan."

Job gains were strongest in services and retail sales. However, manufacturers cut 26,000 positions and during the previous three months had added only 2,000 jobs. That is a big change. From March 1996 to January 1998, manufacturers added 370,000 jobs.

"It is reasonable to suspect that at least some of the recent declines in manufacturing employment and hours are related to Asia's economic problems," said

See MARKETS, Page 12

INTERNATIONAL STOCKS

A Risky Run on High-Technology Issues

By Gretchen Morgenson
New York Times Service

NEW YORK — Talk about denial. Even as more and more American corporate managers warned that their second-quarter results were looking grim, investors piled into the U.S. stock market. They piled most heavily into those companies most vulnerable to near-term earnings disappointments — the technology group.

When business is looking materially different from what Wall Street analysts have been expecting — either up or down — corporate managers like to warn investors that their expectations may be a bit off.

For the second quarter of this year, more of these so-called pre-announcements are not only coming in early, they are coming in ugly.

As of Thursday, according to Chuck Hill of First Call, which tracks earnings, 139 companies had publicly given an overview of their second-quarter results. Considering that there are still four weeks to go before second-quarter results start trickling in, the announcements are running well ahead of last year at this time. That is the early part.

Now for the ugly. Of those companies pre-announcing, 58 percent have warned that their earnings will be lower than analysts are estimating. After Thursday's close, for example, Motorola Inc. said it was taking a $1.95 billion charge against second-quarter earnings and would report an operating loss.

That 58 percent number should raise concern, Mr. Hill said. He said the split between negative and positive guidance on earnings was usually 50-50.

Neither fact from First Call bodes well for the overall market. But the data are particularly ominous for technology stocks. Managements of these companies are issuing the bulk of the warnings.

These are just the stocks that rallied on heavy buying Thursday and continued to gain on Friday. The Standard & Poor's High Technology Composite index rose 2.2 percent Thursday as investors grabbed anything they could in stocks of semiconductor makers, networking companies, personal-computer companies and other hardware manufacturers.

What gives? Even as grim news continues to come from technology concerns, investors seem to think that all the bad news is already reflected in these companies' stock prices.

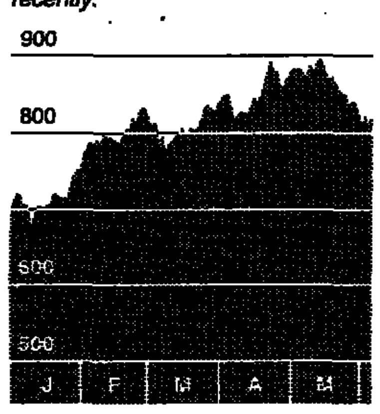
In just the past few days, earnings warnings or other gloomy talk have come from technology companies as varied as Motorola; Komag Inc., a disk-drive manufacturer, and Integrated Device Technology Inc., an integrated-circuits maker. This on the heels of worries from industry giants like Analog Devices Inc., which makes integrated circuits; Applied Materials Inc., a manufacturer of semiconductor wafers, and AMP Inc., the world leader in connectors.

"These are not just some little guys with problems," Mr. Hill noted.

Of course, investors find these stocks much easier to buy now than they were a few months ago when they were much higher. Despite gains this week, on Friday, the S&P High Technology Composite Index was still about 8 percent below its high on May 13.

Short Circuit

After rising earlier this year, the Standard & Poor s High Technology Composite index has fallen back recently.



Source: Bloomberg Financial Markets

NYT

But what investors seem not to focus on is that even those technology stocks that have fallen fairly dramatically are nowhere near their lows. Dell Computer Corp., up $4.25 Thursday, to $84.50, was down 14 percent from its May high. But

See STOCKS, Page 15

Yeltsin Warns of Tough Times

Compiled by Our Staff From Dispatches

MOSCOW — President Boris Yeltsin warned citizens of hardships to come on Friday as he backed a program to slash state spending and increase tax collection to build confidence in the economy and protect the ruble.

As investors have pulled out of Russian debt markets in recent weeks on concern about the government's failure to collect taxes and cut spending, a cash shortage has imperiled Russia's ability to pay its debts and keep the ruble stable.

"One of the reasons for the crisis is our lack of experience of open economies," Mr. Yeltsin said in a radio address. "We have to learn that, and fast. If we don't, we could see empty kiosks and stores, the words deficit and food stamps could return."

Mr. Yeltsin promised Russians he would not let the country's financial crisis fuel inflation, but said that in return they must pay their taxes. "The financial crisis threatens to destabilize the Russian ruble," he said in his weekly radio address. "And that means a return to rising prices and a higher cost of living. That is something we simply can't allow."

Mr. Yeltsin warned that unless Russian businesses and individuals accepted their responsibility to pay taxes, there could be a return to Soviet-style ration cards and lines in the stores.

"You are right to demand effective work from the executive, legislative and judicial powers," he said. "But the government is right to expect citizens to have a responsible attitude to their obligation to pay taxes voluntarily."

Russia's financial crisis has eased this week, in part because the government has taken aggressive action to raise revenue, including a bond offering and issues of short-term Treasury bills. In a sign of confidence, the central bank lowered two key interest rates late Thursday to 60 percent after raising them to an unprecedented 150 percent last week.

As a result, Prime Minister Sergei Kiriyenko declared the crisis over. "We have stopped the crisis and reached a turning point," he said.

The key rates, however, are still double what they were two weeks ago, and the Russian stock market is down about 48 percent since the beginning of the year. On Friday, the benchmark stock index closed at 207.65, down 0.96 point. *(AP, Bloomberg)*

In Europe, an Infatuation With New Markets

By Edmund L. Andrews
New York Times Service

FRANKFURT — As recently as two years ago, a small German company like Kinowelt Medien AG had almost no hope of selling stock to outside investors.

European stock exchanges were not interested in an obscure family company in Munich that distributes American movies to German theaters.

Individual investors were so cautious they rarely bought stocks at all. American-style venture capitalists were few and far between.

Not anymore. On May 12, Kinowelt was the most ardently sought company on the German stock exchange. Within minutes after its shares were traded for the first time, the price tripled to 160 Deutsche marks ($90.31) from 55 DM.

Since then, the shares have soared as high as 374 DM, nearly seven times the opening price. They closed Friday at 318 DM, up 8 DM.

The frenzy over Kinowelt is just one example of a fever that is sweeping Europe. In a historic switch that has both amazed and alarmed financial analysts, European investors have fallen madly in love with entrepreneurs, new companies and anything that remotely resembles a high-technology stock.

Compared with the appetite in the United States, where Internet start-up companies have been going public at huge valuations, the infatuation here is still in its early stages. But compared with Europe's past, it is a revolution.

Feeding this frenzy is a broad shift among Europeans toward investing in stocks. Because interest rates have declined sharply across the Continent, investors who traditionally put all their money in conservative bonds and savings accounts are chasing stocks in search of better returns. In the past few months, Europe's mainstream stock markets have climbed much faster than those in the United States, and the newest European markets, featuring many of the start-ups, have grown the fastest of all.

Until recently, many of Europe's most promising biotechnology and electronics start-ups found it so difficult to raise money at home that they listed their shares in the United States. Some even moved their corporate headquarters across the Atlantic.

But in the past two years, once-stodgy exchanges have started a series of "new markets" tailored to small high-technology companies.

"I couldn't believe it, but taxi drivers in Frankfurt recognized my name from television," said Klaus Kleber, a managing director of LHS Group Inc., a German company that produces computer software for communications systems. Just three years ago, LHS moved to Atlanta and later went public in the United States. But it sold a second batch of shares in Frankfurt last year, and, executives say, most of LHS's stock is now trading in Europe.

But many financial experts warn that the wild run-up in prices has already become a classic speculative bubble, fueled by euphoric and often naive investors who simply assume they can make an overnight profit by selling any new stock for more than they paid as soon as they buy it.

"It is illogical," warned Richard Loeffler, a managing director of Deutsche Beteiligungs AG, a venture-capital arm of Deutsche Bank AG that invested in some of the companies that have gone public. "People have heard for so long that we don't have enough entrepreneurs, that we lag behind in high technology, so when they see companies that seem to be in biotechnology or computer software they just buy these stocks."

The most spectacular new stock is Mobilcom AG, a small German company that provides cellular-telephone service mainly by leasing and reselling capacity from Germany's three main carriers. Mobilcom went public last autumn at 62.50 DM. Its stock closed Friday at 1,455 DM, up 55 DM. Although Mobilcom's sales are only $181 million, its market capitalization is about $2.7 billion.

The euphoria is everywhere. In Brussels last month, zealous investors overwhelmed the rickety Belgian stock exchange during an initial stock offering by Kinopolis Group, a developer of multiplex movie theaters. Investors had oversubscribed the stock offering by 75 times, setting the stage for a huge jump in price as soon as

See HIGH-TECH, Page 15

CURRENCY & INTEREST RATES

Cross Rates

June 5

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.9995	3.2705	1.1272	0.3361	0.1145*	—	5.444*	1.3556	1.4385*	1.349	1.3275*
Brussels					N.A.						
Frankfurt	1.7695	2.899	—	0.2982	0.1016*	0.8871	4.8435*	1.2019	1.2716*	1.2014	1.1778*
London (a)	1.6361	—	2.9008	9.71	2,856.46	3.2696	59.8304	2.413	228.3272	2.3884	246.3074
Madrid	150.466	246.508	84.913	25.371	8.622*	75.331	4.1164	102.08	108.89*	103.165	—
Milan	1,742.95	2,856.75	984.80	293.60	—	873.55	47.731	1,183.79	12.518	1,195.20	11.605
New York (b)	—	1.6347a	1.7743	5.9495	1,748.00	2.0005	36.60	1.4768	139.75	1.4582	150.525
Paris	5.9424	9.7355	3.3535	—	0.3405*	2.9751	0.1626	4.0315	4.2653*	4.0743	3.9495*
Tokyo	138.98	227.21	78.59	23.44	0.798	69.73	3.8107	94.52	—	95.58	0.9257
Toronto	1.4582	2.386	0.8218	0.2451	0.0834*	0.7289	0.3963*	0.9874	1.0434*	—	0.967*
Zurich	1.4257	2.4144	0.8316	0.248	0.0846*	0.7379	4.023*	—	1.0565*	1.0116	0.9794*
1 ECU	1.1189	0.6781	1.9685	6.6013	1,938.69	2.2189	40.4052	1.6374	154.767	1.6202	167.342
1 SDR	1.34	0.8183	2.374	7.9594	2,338.17	2.6754	48.831	1.9725	185.046	1.9504	201.569

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York and Toronto rates at 4 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	300.80	Mex. peso	8.749	S. Afr. rand	5.1345
Australian $	1.6611	Hong Kong $	7.7493	N. Zealand $	1.9414	S. Kor. won	1394.0
Austrian sch.	12.472	Hung. forint	212.09	Norw. krone	7.4415	Swed. krona	7.781
Brazil real	1.152	Indian rupee	41.795	Phil. peso	39.19	Taiwan $	34.29
Chinese yuan	8.2791	Indo. rupiah	11750.0	Polish zloty	3.44	Thai baht	42.73
Czech koruna	32.63	Irish £	0.7012	Port. escudo	181.49	Turkish lira	257120.
Danish krone	6.7488	Israeli shek.	3.6559	Russ ruble	6.1685	UAE dirham	3.6715
Egypt. pound	3.4113	Kuw dinar	0.3038	Saudi riyal	3.7504	Venez. boliv.	538.75
Fin. markka	5.3902	Malay. ring.	3.995	Sing. $	1.6958		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6354	1.6326	1.6277	Japanese yen	138.81	138.17	137.58
Canadian dollar	1.4598	1.4589	1.4582	Swiss franc	1.4690	1.4640	1.4593
Deutsche mark	1.7706	1.7674	1.7644				

Sources: ING Bank (Amsterdam); Cera Investment Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Libid-Libor Rates

June 5

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5½ - 5⅝	3⅜ - 3 7/16	1 1/16 - 1 3/16	7½ - 7 9/16	3⅜ - 3½	7/16 - 9/16	4⅛ - 4¼
3-month	5 9/16 - 5 11/16	3 7/16 - 3½	1 1/16 - 1 3/16	7 9/16 - 7 11/16	3½ - 3 9/16	½ - ⅝	4⅛ - 4¼
6-month	5 9/16 - 5 11/16	3 9/16 - 3 11/16	1 3/16 - 1 5/16	7 9/16 - 7 11/16	3½ - 3 9/16	9/16 - 11/16	4⅛ - 4¼
1-year	5¾ - 5⅞	3 11/16 - 3⅞	1 15/16 - 2 1/16	7 9/16 - 7 11/16	3¾ - 3⅞	9/16 - 11/16	4⅛ - 4¼

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States		Today	Prev
Discount rate		5.00	5.00
Prime rate		8½	8½
Federal funds		5⅜	5½
90-day CDs (deal)		5.59	5.58
180-day CP (deal)		5.42	5.42
ML 30-day R-A		5.08	5.05
	Price	Yield	Prev
3-month T-bill	4.98	5.10	5.10
1-year T-bill	5.16	5.43	5.42
2-year T-note	99-27	5.57	5.56
5-year T-note	99-18	5.59	5.60
7-year T-note	110-04	5.66	5.67
10-year T-note	100-10	5.58	5.59
30-year T-bond	104-21	5.79	5.82
Japan		Close	Prev
Discount rate		0.50	0.50
Call money		0.40	0.42
1-month interbank		0.60	0.60
3-month interbank		0.65	0.65
6-month interbank		0.67	0.67
10-year Govt bond		1.46	1.44
Germany			
Lombard rate		4.50	4.50
Call money		3.45	3.45
1-month interbank		3.48	3.49
3-month interbank		3.57	3.57
6-month interbank		3.68	3.67
10-year Bund		4.85	4.87

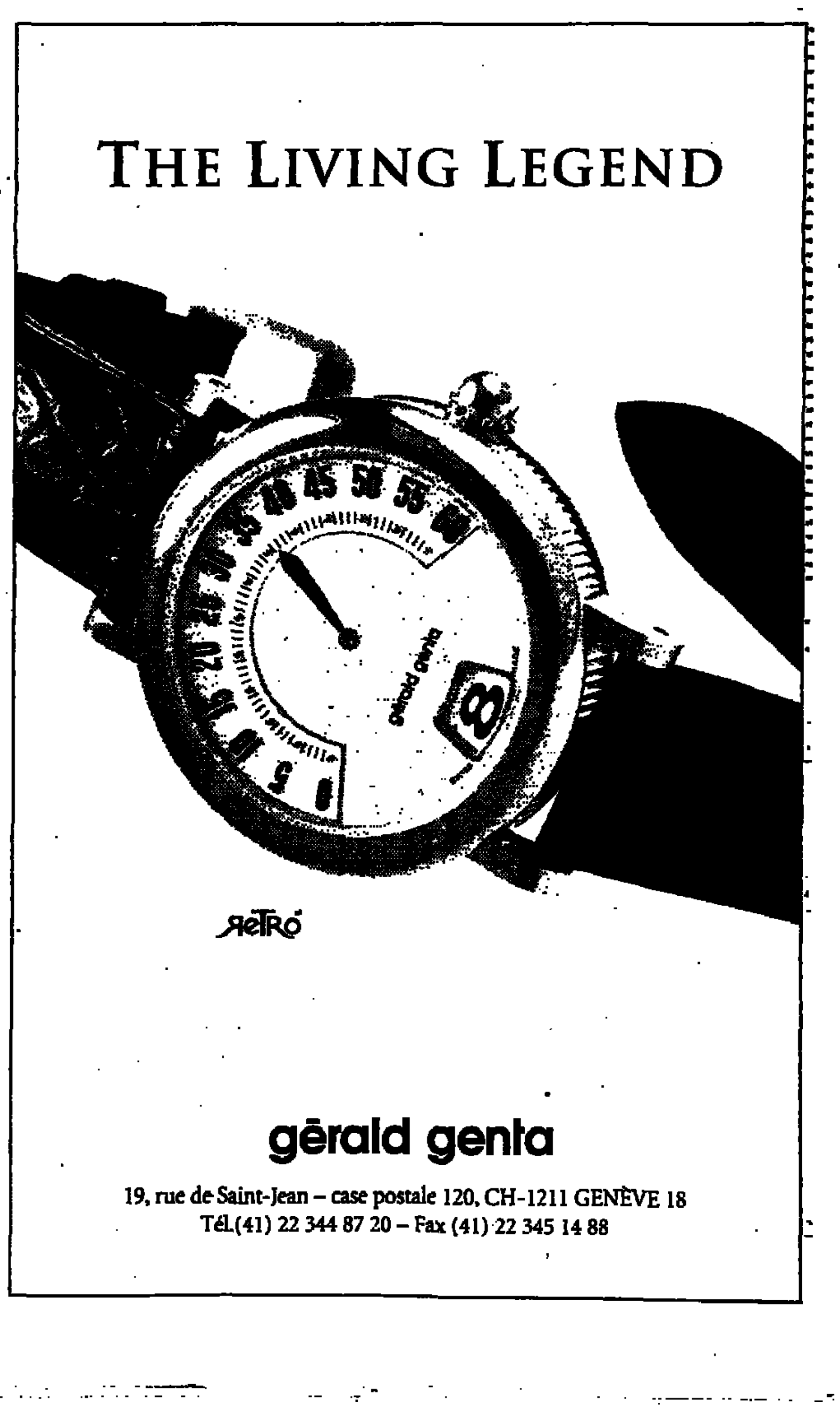
Britain		
Bank base rate	7¼	7¼
Call money	7.00	7½
1-month interbank	7 9/16	7 9/16
3-month interbank	7⅝	7 9/16
6-month interbank	7 11/16	7⅝
10-year Gilt	5.76	5.77
France		
Intervention rate	3.30	3.30
Call money	3⅜	3⅜
1-month interbank	3 7/16	3 7/16
3-month interbank	3 7/16	3 7/16
6-month interbank	3 7/16	3 7/16
10-year OAT	4.91	4.94

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

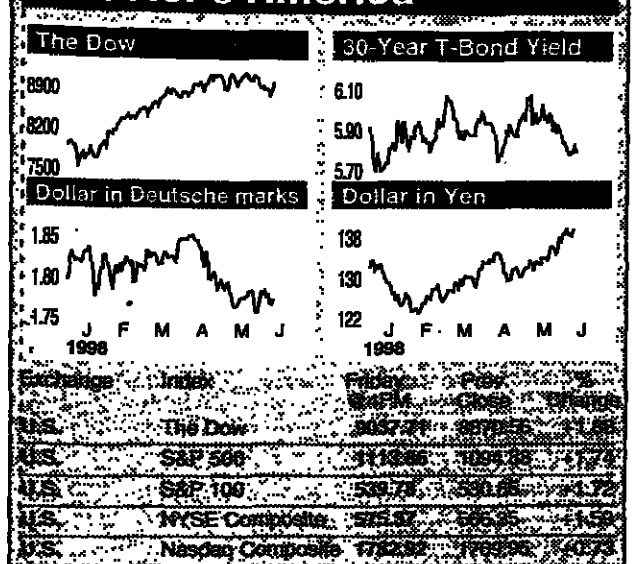
	A.M.	P.M.	Ch'ge
Zurich	n.q.	291.65	—1.10
London	292.20	290.70	—2.10
New York	291.80	291.20	—2.00

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (June.)
Source: Reuters.



THE AMERICAS

Investor's America



Exchange	Index	Friday 4 P.M.	Prev. Close	% Change
U.S.	The Dow	9037.71	8870.56	+1.88
U.S.	S&P 500	1113.86	1094.83	+1.74
U.S.	S&P 100	539.78	530.65	+1.72
U.S.	NYSE Composite	575.37	566.35	+1.59
U.S.	Nasdaq Composite	1782.92	1769.96	+0.73
U.S.	AMEX Composite	713.12	709.46	+0.52
Toronto	TSE Index	7518.26	7485.50	+0.30
São Paulo	Bovespa	10389.67	10074.84	+2.98
Mexico City	Bolsa	4601.37	4590.91	+0.23
Buenos Aires	Merval	615.22	604.42	+1.79
Santiago	IPSA General	4280.83	4263.44	+0.41
Caracas	Capital General	6079.03	5993.12	+1.43

Source: Bloomberg, Reuters — International Herald Tribune

Plan for Internet Names Revised

Compiled by Our Staff From Dispatches

WASHINGTON — The Clinton administration released its final plan to overhaul the Internet's naming system on Friday, but scrapped earlier plans to quickly add more names to the system.

The plan, overseen by a senior adviser to Mr. Clinton, Ira Magaziner, seeks to resolve the controversy over management of some of the Internet's most basic functions, including the registration of names for World Wide Web sites.

The administration still plans to phase out government involvement in the naming system by Sept. 30, 2000, as an initial draft of the report released in January suggested. But specific proposals to extend the system or dictate how it should function in the future have been scaled back.

Under the current system, Network Solutions of Herndon, Virginia, manages the naming of the Internet's popular generic domains ".com," ".org" and ".net" under an exclusive government contract that expires in September. The so-called top-level domains are the two- or three-letter suffixes at the end of every address on the Internet, as in the ".gov" at the end of "www.whitehouse.gov."

Plans to create immediate competition to Network Solutions were dropped, but the government said it was continuing to negotiate with the company to assure a level playing field for potential future competitors.

The government will remove itself from decisions on domains.

The plan leaves all decisions about expanding the system up to a new U.S.-based nonprofit group headed by 15 people selected from private-sector, Internet and consumer groups.

Several experts said the proposal raises many questions, chief among them who will serve on the board of this new organization and how they will be selected. Still, the proposal was widely seen as an important step toward repairing an existing process that has led to trademark disputes, lawsuits and even bidding wars over sought-after addresses.

Initially, the government proposed creating five new top-level domains to accompany the .com, .gov, .edu, .org and .net suffixes already in use. The administration also appears to have backed away from a plan to create a dispute-resolution process that critics said would have been chaotic.

The proposal would overhaul a process put in place long before the Net's popularity exploded. Network Solutions officials said the company has registered more than 2 million domains and that the list grows by 4,000 a day.

(Reuters, LAT)

Walkout Hits GM In Profitable Line

Parts Loss May Have Quick Impact

Compiled by Our Staff From Dispatches

FLINT, Michigan — General Motors Corp. workers walked off the job at a parts plant here Friday in an action that could force the world's largest automaker to stop vehicle production within two days at an estimated 16 plants.

About 3,400 United Auto Workers members went on strike 20 minutes after a 10 A.M. deadline passed without an agreement, GM said.

"This could mean a systemwide shutdown of GM's assembly plants," said Sean McAlinden, a labor analyst at the University of Michigan's Office for the Study of Automotive Transportation.

The plant make hoods and fenders for GM's full-size pickup trucks and sport-utility vehicles, its most-profitable vehicles, as well as frame parts for GM cars.

The strike could hamper the company's planned introduction of its revamped 1999 Chevrolet and GMC full-size trucks this fall.

GM, usually tight-lipped in labor matters, was unusually critical of the union.

The company issued a statement that accused the local of failing to live up to its promises to ease restrictive work rules.

"This is not an issue that has surfaced overnight," the statement declared.

The union has accused GM of failing to make good on a promised $300 million investment in upgrading the plant.

GM shares fell 12.5 cents to $75.3125 in late trading.

GM also faces a second threatened walkout at its Delphi East parts plant, also in Flint.

The plant and an adjoining Delco facility employ about 5,800 members of UAW Local 651.

The plant makes speedometers, tachometers and other instrument panel parts for nearly all GM's cars and trucks. *(Bloomberg, AP)*

MARKETS: *Investors Celebrate 296,000 New U.S. Jobs*

Continued from Page 11

Katharine Abraham, commissioner of the Bureau of Labor Statistics.

Some of the biggest losses in manufacturing were in the apparel industry, which lost 9,000 jobs. Other sectors where job losses were heavy included electronic equipment, industrial machinery and autos. Motorola Inc., in a profit warning, announced Thursday that it would eliminate 15,000 jobs over the next year.

Construction payrolls declined 9,000 in May, marking at least a pause after strong growth since last autumn. Mining jobs fell by 13,000.

Job growth was strong at temporary help firms, in data processing and computers and in finance. Retail establishments added 89,000 jobs, with especially robust growth occurring at restaurants, department stores, drug stores and gift shops.

(AP, Bloomberg, Reuters)

■ Rosy Profit Outlook

The job report spurred a broad rally on Wall Street, Bloomberg News reported from New York.

The Standard & Poor's 500 index rose 19.03 points to close at 1,113.86 and advancing issues outnumbered declining ones by a 2-to-1 ratio on the New York Stock Exchange.

The Nasdaq composite index finished 12.97 points higher at 1,782.92.

DSC Communications was the most actively traded stock, rising 2 to 29½ a day after agreeing to be bought by Alcatel of France.

But Dentsply International fell 83/16 to 25 after the dental supplies maker said it would report lower second-quarter earnings than analysts expected because of a decline in its German business.

Disney lead the blue-chip rally, gaining 4 13/16 to 114⅜ after an analyst at Morgan Stanley Dean Witter said the entertainment conglomerate would show annual gains in operating earnings of as much as 15 percent.

Yen Falls as Rubin Dispels Concern Over Action at G-7

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose strongly against the yen after the U.S. Treasury secretary, Robert Rubin, said foreign exchange would not be the focus of a meeting next week of leaders from the Group of Seven leading industrial nations.

The dollar had been held back from breaking through the key 140-yen level by fears that G-7 leaders would adopt a stance favoring a stronger Japanese currency.

But Mr. Rubin said the meeting next week in Paris would focus on Russia, not the yen. The dollar rose to 139.75 yen from 138.45 yen Thursday.

The dollar also was lifted by a U.S. employment report that showed a strong economy with little inflation. The U.S. economy added 296,000 jobs in May, keeping the unemployment rate at a 28-year low of 4.3 percent, the Labor Department said. Average hourly earnings, meanwhile, edged up just 0.3 percent.

The strong data should keep foreign investors interested in buying U.S. Treasury bonds, which in turn should support the dollar.

The dollar drew support against the Deutsche mark from comments by a Bundesbank council member, Edgar Meister, who suggested

FOREIGN EXCHANGE

that European short-term interest rates should converge by year's end near the level of German rates.

The dollar rose to 1.7743 Deutsche marks in late trading from 1.7680 DM on Thursday, to 5.9495 French francs from 5.9290 francs and to 1.4768 Swiss francs from 1.4710 francs. The pound fell to $1.6347 from $1.6369.

"Traders are going to buy dollars until they're given a reason not to, which would be some concerted intervention or some strong comments" said Ralph Del Zenero, a corporate currency salesman at First Chicago NBD.

(Bridge News, Bloomberg)

Very briefly:

- **Firstar Corp.** agreed to buy **Cargill Leasing Corp.**, a unit of Cargill Inc. that leases transportation equipment, in a move to increase its lease-financing business for corporate clients. Financial terms of the deal were not disclosed.
- **Brazil's** main stock exchange will cut between 90 minutes and two hours from three trading sessions this month on days when the nation's soccer team is scheduled to play in the World Cup tournament.
- **The New York Stock Exchange** moved to adjust its listing standards, raising the minimum capitalization for some companies while making it easier for fast-growing companies that are not consistently profitable to trade on the Big Board.
- **U S West Inc.** said a majority of bondholders participated in its $5.2 billion debt repurchase, the biggest ever in the corporate market.
- **Maxtor Corp.**, a computer disk-drive manufacturer indirectly owned by Hyundai Electronics Industries Co., filed for a $575 million initial public offering on the Nasdaq stock market.
- **Novell Inc.** plans to buy back as much as 10 percent, or $370 million worth, of its outstanding shares. *Bloomberg*

ORS: *Entrepreneur Fights Illness That Decimates Children*

Continued from Page 11

Mr. Jagannathan is going ahead with his plans regardless, but any suspension of aid would hurt the anti-diarrhea project more broadly. The U.S. Agency had planned to fund a national advertising campaign to raise awareness of the remedy and to get businesses to take it seriously.

About 40 pharmaceutical companies already produce ORS in India, but none considers it a priority. Small drug makers have neither the resources nor the marketing expertise.

Promoting ORS has been left almost exclusively to the government, which buys the product in bulk and distributes it free-of-charge at health centers. Its market reach is wide, but the government has a credibility problem. No matter how poor they are, many Indians disdain handouts, especially from the government.

"Anything we get free we regard as worthless," said Jagdish Sobti, a prominent New Delhi pediatrician who has campaigned for ORS usage. This attitude has also weakened the government-sponsored AIDS-prevention program, which distributes free condoms. Indians generally do not have faith in the products, though they are the same quality as condoms sold at pharmacies, socialists say.

Particularly in rural areas, where three out of every four Indians live, the anti-diarrhea powder has suffered from other cultural barriers. By the time mothers' take their children to a medical practitioner (who may not be a doctor), they demand antibiotics. The powder is often more effective than antibiotics, experts say, and costs less than one U.S. cent a serving. But rural medicine men — they dispense drugs to increase their income — make more money selling antibiotics, so they tend not to push ORS.

China Lets Avon Resume Sales

Bloomberg News

NEW YORK — Avon Products Inc., the world's biggest seller of perfumes and cosmetics directly to consumers, won permission from China to resume sales — though only through retail stores — following a recent ban that resulted in riots.

China banned door-to-door sales in April to curb get-rich-quick schemes. Ten people were killed and about 100 injured in rioting in central China after the ban was imposed.

Avon said it would be allowed to wholesale its merchandise in China starting June 15. The company also plans to convert its 75 branches into retail stores. Avon had $75 million in sales from China in 1997, about 1.5 percent of its total sales.

AMEX

Friday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press.

Stock	Sales	High	Low	Latest	Chge
AMC	312	18⅞	18	18⅞	-⅛
ARC	1180	4⅝	4⅝	4⅝	-⅛
ARV Liv	713	11⅝	10⅝	11	+⅝
ATT Fd	185	138⅝	134	138⅝	-2⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	8920.88	9039.46	8870.56	9037.71	+167.15
Trans	3303.29	3326.79	3296.55	3326.39	+23.87
Util	290.41	292.41	289.86	292.36	+2.18
Comp	2827.83	2856.09	2816.45	2856.09	+39.02

Standard & Poors

	High	Low	Previous Close	Today 4 P.M.
Industrials	1277.07	1255.53	1275.80	1299.54
Transp.	679.88	670.41	679.00	686.02
Utilities	244.04	242.45	243.07	244.75
Finance	132.63	130.47	132.48	134.38
SP 500	1095.93	1078.10	1094.83	1113.86
SP 100	531.05	521.28	530.65	539.78

NYSE

	High	Low	Last	Chg.
Composite	575.37	560.55	575.37	+9.02
Industrials	712.05	688.82	712.05	+12.34
Transp.	490.49	485.26	490.39	+5.11
Utility	379.43	373.75	379.40	+5.67
Finance	552.61	545.94	552.57	+6.34

Nasdaq

	High	Low	Last	Chg.
Composite	1782.91	1766.31	1782.91	+12.96
Industrials	1322.28	1313.89	1322.28	+7.70
Banks	2177.96	2169.43	2174.18	+0.70
Insurance	1823.88	1812.30	1819.88	-2.40
Finance	2570.77	2553.60	2570.30	+16.21
Transp.	1135.81	1124.46	1131.34	+6.15

AMEX

	High	Low	Last	Chg.
	713.19	709.46	713.12	+3.66

Dow Jones Bond

	Close	Chg.
20 Bonds	104.81	+0.09
10 Utilities	102.57	+0.14
10 Industrials	107.06	+0.05

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
PSEG	100992	33⅝	33	33⅝	+⅝
BayNtwk	95833	31½	29⅞	30½	-1
Compaq s	91016	28⅝	27⅝	28⅛	+⅝
PhilMor	77643	38⅝	36⅝	38⅛	+2⅛
WamLm s	66406	63⅝	60	62⅛	-1⅛
ArchDan	58394	21⅛	18⅝	21⅛	+2⅞
Motorola	57641	52½	51	51⅝	-¼
Lucent s	43866	73⅝	71½	73⅝	+1⅝
TelBrasil	42468	114½	111⅝	113⅝	+1¼
Pfizer	41362	108⅝	106	108⅝	+1¾
Chrysler	41359	56⅞	56	56⅝	+⅜
IBM	40792	119	116⅝	118⅝	+2⅜
GenElec	39512	84⅝	82⅝	84⅝	+1⅝
FedMog	39061	59	58⅝	58⅝	+⅝
SBC Com s	38484	41⅝	39⅝	41⅝	+1⅝

Nasdaq

	Vol.	High	Low	Last	Chg.
DSC	255028	29⅝	28½	29⅝	+1
DellCptr s	188486	85⅝	83⅝	84⅝	+1½
Intel s	145692	69⅝	67⅝	69⅝	+1⅛
MCI	119811	51⅛	50⅝	51⅛	-⅛
Oracle s	100945	26⅝	24⅝	25⅝	+1⅛
Cisco s	90837	77⅝	75½	77⅝	+1⅝
WorldCm	87874	45⅝	44⅝	45	-¼
Ascend	87708	47⅝	45⅝	47⅝	+2⅛
Microsft s	82408	86⅝	84⅝	86⅝	-⅛
SunMic	77842	45⅝	44⅝	45⅝	-⅜
Dentsply s	63981	28⅝	23⅝	25	-8⅝
ApldMat s	58136	29⅝	28⅝	29⅝	+⅝
3Com	54824	28	26½	27⅛	+⅝
Novell	50546	11⅛	10⅝	11⅛	-⅛
QwestCm s	48014	32⅝	31	31⅝	-⅝

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	82598	111⅞	109⅞	111⅞	+2⅛
US Lig n	14531	19⅝	19	19	-⅞
MiteshSci	11667	12	7⅝	8⅞	-1⅞
DJIA Diam	9919	90⅝	89	90⅝	+1⅝
VistaG g	9745	⅞	⅞	⅞	
ViacB	9052	57	55⅝	56⅝	+⅝
Harken	5598	5⅝	5⅝	5⅝	-⅛
SemSea n	4918	26⅛	24⅝	25	-⅝
TWA	4989	9⅝	9⅝	9⅝	-⅛
FAusPr	4806	6⅝	6⅝	6⅝	-⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	1903	1644
Declined	1018	1257
Unchanged	576	616
Total issues	3497	3517
New Highs	66	34
New Lows	67	79

Nasdaq

	Noon	Prev.
Advanced	1871	2154
Declined	1624	1867
Unchanged	1751	1577
Total issues	5246	5598
New Highs	36	52
New Lows	93	144

AMEX

	Close	Prev.
Advanced	290	263
Declined	256	290
Unchanged	180	175
Total issues	726	728
New Highs	9	7
New Lows	19	23

Market Sales

	Today 4:00	Prev. cons.
NYSE	561.41	676.21
Amex	28.77	29.98
Nasdaq	633.77	725.20

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Canon Inc ADR	b	.054	6-29	—
Euro Pacific Grw	-	.49	6-5	6-8
New Perspective	-	.12	6-5	6-8
STOCK SPLIT				
Dollar Tree 3 for 2 split.				
Leslie Fay 2 for 1 split.				
REVERSE STOCK SPLIT				
Haven Fincl 1 for 100 reverse split.				
Trans Energy 1 for 4 reverse split.				
INCREASED				
20th Century	Q	.16	6-16	6-26
HealthPlan Svcs	Q	.1375	7-10	7-21
REDUCED				
Thomaston Mills	c	.0375	6-15	7-1
c- payable on classes A&B.				
INITIAL				
Guaranty Bncshrs	-	.11	6-15	6-29
REGULAR				
Ballard Medical	S	.05	6-16	7-3
Cdn Imperial Bk g	Q	.30	6-29	7-28
Consumers Water	Q	.305	8-10	8-25
Dames & Moore	Q	.03	6-22	7-6
EastGroup Prop	Q	.34	6-19	6-30
Enesco Group	Q	.28	6-16	7-1
Fund Am Enter	Q	.40	6-8	6-17
GPU Inc	Q	.515	7-31	8-26
Hussman Intl	Q	.02	6-15	7-1
Juno Lighting	Q	.09	6-15	7-15
Piedmont Nat Gas	Q	.325	6-24	7-15
Scientific Tech	Q	.045	6-19	7-1
Tech/Ops Svcs	Q	.15	6-18	7-2
Wal-Mart	Q	.0775	6-19	7-13

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semiannually.

U.S. Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a - dividend also extra (s).
b - annual rate of dividend plus stock dividend.
c - liquidating dividend.
cc - P/E exceeds 99.
cld - called.
d - new yearly low.
dd - loss in the last 12 months.
e - dividend declared or paid in preceding 12 months.
f - annual rate, increased on last declaration.
g - dividend in Canadian funds, subject to 15% non-residence tax.
i - dividend declared after split-up or stock dividend.
j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k - dividend declared or paid this year, an accumulative issue with dividends in arrears.
m - annual rate, reduced on last declaration.
n - new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd - next day delivery.
p - initial dividend, annual rate unknown.
P/E - price-earnings ratio.
q - closed-end mutual fund.
r - dividend declared or paid in preceding 12 months, plus stock dividend.
s - stock split. Dividend begins with date of split.
sls - sales.
t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u - new yearly high.
v - trading halted.
vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd - when distributed.
wi - when issued/
ww - with warrants.
x - ex-dividend or ex-rights.
xdis - ex-distribution.
xw - without warrants.
y- ex-dividend and sales in full.
yld - yield.
z - sales in full.

INTERNATIONAL FUTURES

June 5, 1998

Grains

	High	Low	Latest	Chge	Opint
CORN (CBOT) 5,000 bu minimum- cents per bushel					
Jul 98	239¾	236½	237	-2¼	132,610
Sep 98	242½	239¾	239¾	-3	50,735
Dec 98	246½	242¾	243	-3½	129,397
Mar 99	253¾	250¾	251	-3½	12,499
May 99	257¾	256	256	-3½	2,479
Jul 99	264	260¾	261	-3¾	6,236
Dec 99	261½	258	258	-4	2,960
Est. sales 46,000 Thu's sales 46,598					
Thu's open int 337,917, up 2,702					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Jul 98	155.80	153.50	154.70	-0.30	45,255
Aug 98	154.30	151.10	151.80	-1.60	23,472
Sep 98	152.20	149.70	150.30	-2.20	16,281
Oct 98	151.00	148.50	149.20	-1.60	12,417
Dec 98	152.50	150.00	150.70	-1.70	32,716
Jan 99	153.80	151.80	152.10	-1.90	4,437
Est. sales 22,000 Thu's sales 43,143					
Thu's open int 138,869, up 3,146					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
Jul 98	25.98	25.57	25.64	-0.28	50,258
Aug 98	26.05	25.78	25.90	-0.29	29,990
Sep 98	26.15	25.95	26.00	-0.29	19,450
Oct 98	26.12	26.00	26.03	-0.23	10,029
Dec 98	26.03	25.80	25.98	-0.12	31,451
Jan 99	26.11	25.90	26.10	-0.08	3,092
Est. sales 18,000 Thu's sales 23,695					
Thu's open int 147,888, up 1,347					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
Jul 98	620	613	616¼	-2½	55,527
Aug 98	609	603	605¼	-3½	21,831
Sep 98	590	583½	586½	-4½	7,476
Nov 98	589	580	582¼	-4½	49,340
Jan 99	593	587	588¾	-4¼	4,503
Est. sales 35,000 Thu's sales 45,300					
Thu's open int 143,126, up 1,478					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
Jul 98	282¾	279½	280¼	-2	59,266
Sep 98	293¼	291	291¼	-1	19,812
Dec 98	309¼	307	307¼	-1¼	28,722
Mar 99	323	321	321¼	-1¼	7,327
Est. sales 20,000 Thu's sales 21,379					
Thu's open int 116,743, up 1,711					

Livestock

	High	Low	Latest	Chge	Opint
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Jun 98	65.35	64.47	64.52	-0.78	19,682
Aug 98	66.80	65.80	66.02	-0.63	41,334
Oct 98	65.90	65.00	65.35	-0.52	20,040
Dec 98	67.50	66.75	67.00	-0.42	6,502
Feb 99	68.65	68.17	68.35	-0.22	2,849
Apr 99	69.75	69.25	69.32	-0.55	925
Est. sales 22,130 Thu's sales 17,455					
Thu's open int 91,457, off 1,121					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Aug 98	74.97	73.90	74.40	-0.52	8,007
Sep 98	75.05	73.90	74.55	-0.40	1,344
Oct 98	75.15	74.50	74.60	-0.52	2,152
Nov 98	76.15	75.55	75.56	-0.55	504
Jan 99	76.10	75.87	75.87	-0.28	282
Mar 99	75.70	75.70	75.70	-0.45	74
Est. sales 3,318 Thu's sales 1,780					
Thu's open int 12,373, off 75					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Jun 98	62.60	61.87	62.52	+0.27	6,295
Jul 98	62.70	61.62	62.55	+0.48	10,723
Aug 98	60.00	58.90	59.87	+0.45	8,106
Oct 98	53.97	53.55	53.87	unch.	4,502
Dec 98	54.00	53.35	53.65	+0.20	3,432
Est. sales 9,876 Thu's sales 7,457					
Thu's open int 34,370, up 740					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Jul 98	58.90	55.75	58.90	+3.00	4,191
Aug 98	56.85	53.85	56.85	+3.00	1,931
Feb 99	56.10	55.50	55.95	+0.75	11
Est. sales 2,785 Thu's sales 2,483					
Thu's open int 6,134, off 144					

Food

	High	Low	Latest	Chge	Opint
COCOA (NCSE) 10 metric tons- $ per ton					
Jul 98	1609	1599	1600	-14	20,502
Sep 98	1636	1624	1626	-14	19,019
Dec 98	1664	1655	1656	-14	16,994
Mar 99	1689	1680	1682	-16	10,846
May 99	1702	1700	1702	-13	3,947
Jul 99			1721	-11	1,573
Est. sales 8,681 Thu's sales 11,513					
Thu's open int 80,628, off 42					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Jul 98	126.00	124.25	125.60	+0.40	15,924
Sep 98	125.00	123.90	124.65	-0.05	8,469
Dec 98	122.70	121.25	122.15	+0.65	7,869
Mar 99	119.50	118.00	119.25	+1.20	2,822
May 99	119.00	117.25	118.25	+1.50	1,231
Est. sales 7,430 Thu's sales 6,394					
Thu's open int 38,164, up 312					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Jul 98	8.25	8.03	8.07	-0.06	76,459
Oct 98	8.48	8.28	8.33	-0.04	66,317
Mar 99	9.01	8.85	8.89	-0.06	30,937
May 99	9.03	8.90	8.94	-0.04	4,238
Est. sales 19,246 Thu's sales 29,019					
Thu's open int 189,826, up 3,252					

	High	Low	Latest	Chge	Opint
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Jul 98	104.30	102.75	103.75	-0.45	18,937
Sep 98	107.80	106.75	107.40	-0.50	7,672
Nov 98	110.90	109.80	110.60	-0.60	4,613
Jan 99			113.10	-0.60	2,211
Est. sales N.A. Thu's sales 2,401					
Thu's open int 35,382, off 138					

Metals

	High	Low	Latest	Chge	Opint
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Jun 98	292.10	290.90	291.20	-2.00	780
Jul 98			292.30	-2.00	2
Aug 98	296.00	292.30	293.60	-2.00	89,920
Oct 98	297.60	294.60	295.80	-2.00	6,472
Dec 98	298.70	296.80	297.80	-2.00	21,546
Feb 99	300.30	299.50	299.50	-2.00	9,930
Apr 99	302.10	301.30	301.30	-2.00	7,848
Jun 99			303.10	-2.00	11,814
Aug 99			304.90	-2.00	394
Est. sales 22,000 Thu's sales 18,972					
Thu's open int 175,418, up 1,654					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Jun 98	77.00	75.55	75.55	+0.35	1,541
Jul 98	77.60	75.35	75.85	+0.35	29,796
Aug 98			76.15	+0.25	2,215
Sep 98	78.00	76.40	76.40	+0.15	8,198
Oct 98	77.40	76.75	76.75	+0.20	1,928
Nov 98	77.50	76.80	76.80	+0.15	1,460
Dec 98	78.60	76.95	76.95	+0.10	10,780
Jan 99	78.45	77.20	77.20	+0.10	1,651
Feb 99			77.30	+0.10	697
Est. sales 7,000 Thu's sales 5,525					
Thu's open int 67,787, up 198					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Jun 98			526.30	+5.30	3
Jul 98	529.00	505.50	527.30	+5.30	56,443
Aug 98			529.00	+5.60	
Sep 98	532.00	509.00	530.80	+5.60	11,506
Dec 98	535.00	513.00	533.80	+5.30	14,368
Jan 99			534.60	+5.30	26
Mar 99	539.00	518.00	535.40	+5.40	3,134
May 99			536.40	+5.40	815
Est. sales 19,000 Thu's sales 4,813					
Thu's open int 93,711, off 28					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Jul 98	362.50	356.00	359.90	-2.80	9,193
Oct 98	362.50	358.00	360.70	-2.50	2,091
Jan 99			359.90	-2.30	104
Apr 99			358.90	-2.30	12
Jul 99			357.90	-2.30	1
Est. sales N.A. Thu's sales 1,103					
Thu's open int 11,401, off 46					

LONDON METALS (LME) Dollars per metric ton		Close		Previous	
Aluminum (High Grade)					
Spot	1327.00	1328.00	1334½	1335½	
Forward	1355.00	1355½	1362.00	1362½	
Copper Cathodes (High Grade)					
Spot	1694.00	1695.00	1660.00	1661.00	
Forward	1705.00	1706.00	1677.00	1678.00	
Lead					
Spot	530½	531½	526.00	527.00	
Forward	543.00	544.00	539.00	540.00	
Nickel					
Spot	4560.00	4565.00	4565.00	4575	
Forward	4635.00	4640.00	4645.00	4650	
Tin					
Spot	6040.00	6050.00	6050.00	6060.00	
Forward	5955.00	5960.00	5970.00	5980.00	
Zinc (Special High Grade)					
Spot	1030½	1031½	1027½	1028½	
Forward	1055.00	1056.00	1053.00	1054.00	

Financial

	High	Low	Close	Chge	Opint
US T BILLS (CMER) $1 million- pts of 100 pct.					
Jun 98	95.01	94.98	94.99	unch.	1,899
Sep 98	94.97	94.91	94.94	unch.	2,214
Est. sales 701 Thu's sales 453					
Thu's open int 4,219, off 51					
5 YR TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Jun 98	109-16	108-48	109-06	+ 01	73,649
Sep 98	109-17	108-46	109-07	+ 01	195,736
Dec 98			109-07	+ 01	185
Est. sales 82,800 Thu's sales 28,000					
Thu's open int 1, off 273,490					
10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Jun 98	113-04	112-17	112-29	+ 02	146,710
Sep 98	113-09	112-19	113-02	+ 03	359,239
Dec 98	113-03	112-17	112-29	+ 03	22,452
Est. sales 177,007 Thu's sales 155,000					
Thu's open int 1, off 541,121					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Jun 98	122-09	121-04	121-28	+ 10	177,128
Sep 98	122-02	120-29	121-22	+ 11	666,282
Dec 98	121-24	120-21	121-13	+ 11	60,900
Est. sales 740,000 Thu's sales 400,000					
Thu's open int 1, off 903,336					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Jun 98	109.17	108.90	109.15	+0.07	22,498
Est. sales: 2,341. Prev. sales: 5,494					
Prev. open int.: 22,498 off 5,039					
GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct					
Jun 98	108.07	107.95	108.02	+0.02	15,188
Sep 98	107.72	107.37	107.68	+0.13	51,210
Dec 98	N.T.	N.T.	107.27	+0.13	94
Est. sales: 44,365. Prev. sales: 89,201					
Prev. open int.: 66,492 off 78,616					

	High	Low	Latest	Chge	Opint
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Jun 98	104.40	104.09	104.37	+ 0.22	104,977
Sep 98	103.98	103.68	103.89	+ 0.22	26,478
Est. sales: 121,061.					
Open int.: 131,455 up 5,097.					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Sep 98	120.08	119.72	119.90	+0.07	80,474
Est. sales: 32,783. Prev. sales: 68,646					
Prev. open int.: 126,903 off 12,894					
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
Jun 98	94.35	94.33	94.34	unch.	11,916
Jul 98	94.34	94.31	94.33	unch.	17,889
Aug 98	94.33	94.31	94.32	unch.	10,607
Est. sales 4,077 Thu's sales 6,655					
Thu's open int 49,544, up 1,552					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Jun 98	94.31	94.29	94.30	unch.	401,377
Jul 98	94.29	94.27	94.29	unch.	13,734
Aug 98	94.28	94.26	94.27	-0.01	5,421
Sep 98	94.28	94.22	94.26	-0.01	489,606
Oct 98			94.21	-0.01	1,441
Nov 98			94.20	unch.	142
Dec 98	94.21	94.13	94.18	-0.02	396,876
Mar 99	94.24	94.16	94.20	-0.02	292,388
Jun 99	94.21	94.10	94.19	-0.02	234,705
Sep 99	94.18	94.10	94.15	-0.02	210,965
Dec 99	94.08	94.02	94.06	-0.01	183,271
Mar 00	94.14	94.08	94.12	-0.01	142,545
Est. sales 595,805 Thu's sales 456,710					
Thu's open int 3,157,717, off 8,869					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Jun 98	1.6388	1.6314	1.6334	-0.0038	45,802
Sep 98	1.6310	1.6240	1.6256	-0.0040	9,002
Dec 98	1.6180	1.6170	1.6180	-0.0042	184
Est. sales 11,557 Thu's sales 24,076					
Thu's open int 54,988, up 1,040					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Jun 98	.6878	.6845	.6862	-0.0014	51,476
Sep 98	.6883	.6858	.6873	-0.0015	15,743
Dec 98	.6890	.6865	.6885	-0.0015	2,048
Est. sales 33,463 Thu's sales 7,845					
Thu's open int 70,186, off 462					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Jun 98	.5665	.5625	.5636	-0.0035	115,350
Sep 98	.5695	.5658	.5666	-0.0035	22,438
Dec 98	.5695	.5694	.5694	-0.0035	374
Est. sales 56,167 Thu's sales 33,018					
Thu's open int 138,162, up 4,109					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Jun 98	.7245	.7152	.7157	-0.0080	116,175
Sep 98	.7332	.7247	.7251	-0.0081	16,782
Dec 98	.7350	.7345	.7346	-0.0082	724
Est. sales 46,074 Thu's sales 21,475					
Thu's open int 135,116, up 1,020					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Jun 98	.6820	.6763	.6775	-0.0042	60,287
Sep 98	.6880	.6826	.6838	-0.0045	10,354
Dec 98			.6903	-0.0047	60
Est. sales 17,274 Thu's sales 16,618					
Thu's open int 70,701, up 338					
MEXICAN PESO (CMER) 500,000 pesos, $ per peso					
Jun 98	.11420	.11330	.11357	-.00032	22,547
Sep 98	.11005	.10925	.10935	-.00045	14,288
Dec 98	.10580	.10550	.10557	-.00032	8,907
Est. sales 8,649 Thu's sales 6,236					
Thu's open int 46,672, off 10					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Jun 98	92.290	92.270	92.290	—0.010	151,833
Sep 98	92.350	92.310	92.340	—0.020	130,772
Dec 98	92.540	92.470	92.510	—0.040	145,647
Mar 99	92.750	92.680	92.710	—0.050	115,013
Jun 99	92.970	92.910	92.940	—0.050	85,077
Sep 99	93.160	93.100	93.130	—0.050	86,561
Dec 99	93.290	93.240	93.280	—0.040	88,833
Mar 00	93.470	93.430	93.440	—0.040	67,607
Est. sales: 286,642. Prev. sales: 437,723					
Prev. open int.: 981,566 up 44,369					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
Jun 98	96.420	96.405	96.415	+0.005	329,944
Jul 98	N.T.	N.T.	96.370	+0.005	4,320
Aug 98	N.T.	N.T.	96.300	-0.005	500
Sep 98	96.250	96.220	96.235	—0.005	389,029
Dec 98	96.005	95.975	95.995	—0.010	443,748
Mar 99	95.885	95.850	95.875	—0.010	404,441
Jun 99	95.735	95.705	95.725	—0.010	184,763
Sep 99	95.620	95.590	95.610	—0.010	207,983
Dec 99	95.475	95.445	95.465	—0.010	169,304
Mar 00	95.435	95.405	95.425	—0.010	132,790
Jun 00	95.350	95.330	95.340	—0.010	59,845
Est. sales: 194,856. Prev. sales: 277,080					
Prev. open int.: 2,451,310 off 3,338					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Jun 98	96.41	96.40	96.41	Unch.	62,951
Sep 98	96.25	96.23	96.24	Unch	59,939
Dec 98	96.03	95.98	96.03	+ 0.00	57,797
Mar 99	95.88	95.86	95.88	Unch.	46,101
Jun 99	95.74	95.72	95.73	—0.01	17,333
Sep 99	95.62	95.41	95.61	— 0.00	18,541
Est. sales: 18,756.					
Open int.: 289,087 up 4,192.					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Jun 98	94.910	94.850	94.890	Unch.	235,247
Sep 98	95.600	95.530	95.560	—0.030	186,907

	High	Low	Latest	Chge	Opint
Dec 98	95.950	95.920	95.940	—0.010	152,781
Mar 99	95.870	95.850	95.860	—0.020	203,442
Jun 99	95.730	95.700	95.720	—0.010	46,185
Est. sales: 132,405. Prev. sales: 83,996					
Prev. open int.: 899,854 up 6,382					

Industrials

	High	Low	Latest	Chge	Opint
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Jul 98	74.00	73.15	73.27	-0.04	25,080
Oct 98	74.75	74.30	74.53	+0.31	4,370
Dec 98	74.70	74.15	74.32	-0.03	38,179
Mar 99	75.05	74.80	74.88	+0.03	7,896
May 99	75.25	74.80	74.80	-0.05	4,766
Est. sales N.A. Thu's sales 13,063					
Thu's open int 87,004, off 12					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Jul 98	40.20	39.25	39.33	-0.17	53,462
Aug 98	41.60	40.70	40.83	-0.12	23,801
Sep 98	43.10	42.38	42.38	-0.07	13,753
Oct 98	44.50	43.93	43.93	+0.03	12,434
Nov 98	46.00	45.33	45.33	+0.08	11,612
Dec 98	47.30	46.68	46.68	+0.13	19,426
Jan 99	48.40	47.78	47.78	+0.13	18,839
Est. sales N.A. Thu's sales 37,321					
Thu's open int 183,540, up 1,100					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Jul 98	15.40	15.02	15.07	-0.05	100,518
Aug 98	16.00	15.67	15.71	+0.02	71,815
Sep 98	16.40	16.17	16.23	+0.12	48,828
Oct 98	16.72	16.60	16.61	+0.15	22,960
Nov 98	16.95	16.87	16.91	+0.17	13,770
Dec 98	17.22	17.10	17.15	+0.19	43,364
Est. sales N.A. Thu's sales 173,143					
Thu's open int 454,295, up 10,045					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Jul 98	2.070	1.975	2.027	+0.087	44,917
Aug 98	2.115	2.030	2.071	+0.003	27,034
Sep 98	2.150	2.075	2.117	-0.001	18,575
Oct 98	2.200	2.145	2.173	unch.	19,193
Nov 98	2.400	2.340	2.371	+0.003	15,058
Dec 98	2.585	2.545	2.566	+0.001	21,060
Est. sales N.A. Thu's sales 69,959					
Thu's open int 257,227, up 2,984					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Jul 98	50.40	49.30	49.56	-0.33	45,838
Aug 98	51.30	50.35	50.63	-0.15	23,475
Sep 98	51.40	50.70	50.98	+0.03	17,130
Oct 98	50.65	50.20	50.23	+0.18	6,125
Nov 98			50.10	+0.25	2,746
Dec 98	50.60	50.00	50.10	+0.30	4,008
Jan 99	50.60	50.20	50.60	+0.35	1,110
Feb 99	51.30	51.05	51.05	+0.40	122
Est. sales N.A. Thu's sales 33,110					
Thu's open int 1					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Jun 98	123.25	120.00	122.25	+0.75	19,419
Jul 98	126.75	124.25	126.25	+0.50	27,026
Aug 98	130.50	128.00	129.75	+0.50	12,133
Sep 98	134.25	132.75	133.75	+0.75	11,420
Oct 98	137.75	136.00	137.50	+0.75	13,226
Nov 98	140.75	139.75	140.50	+0.75	10,129
Dec 98	143.75	141.75	143.25	+0.75	33,396
Est. sales: 20,000. Prev. sales: 22,411					
Prev. open int.: 152,754 off 368					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Jul 98	14.74	14.47	14.60	+0.12	61,912
Aug 98	15.07	14.78	14.98	+0.22	54,534
Sep 98	15.36	15.25	15.29	+0.23	20,918
Oct 98	15.60	15.52	15.55	+0.23	14,970
Nov 98	15.82	15.68	15.76	+0.21	10,547
Dec 98	16.00	15.74	15.93	+0.20	36,056
Est. sales: 44,000. Prev. sales: 59,296					
Prev. open int.: 246,129 off 2,856					

Stock Indexes

	High	Low	Latest	Chge	Opint
SP COMP INDEX (CMER) 250 x index					
Jun 98	1114.00	1094.70	1113.50	+15.80	306,422
Sep 98	1126.00	1109.00	1125.50	+15.90	91,693
Dec 98	1135.20	1124.00	1135.20	+13.70	11,390
Est. sales N.A. Thu's sales 161,068					
Thu's open int 412,978, up 273					
FTSE 100 (LIFFE) £25 per index point					
Jun 98	5960.0	5870.0	5860.00	+121.0	151,800
Est. sales: 25,133. Prev. sales: 48,016					
Prev. open int.: 185,968 up 6,927					
CAC 40 (MATIF) FF200 per index point					
Jun 98	4173.0	4131.0	4165.0	+63.0	50,028
Jul 98	4177.0	4148.0	4170.5	+62.5	849
Sep 98	4199.0	4173.5	4195.0	+63.5	18,438
Dec 98	N.T.	N.T.	4229.0	+63.0	2,820
Est. sales: 14,200.					
Open int.: 80,614 up 365.					

Commodity Indexes

	Close	Previous
Moody's	1,382.10	1,385.60
Reuters	1,589.0	1,587.40
D.J. Futures	130.23	129.30
CRB	214.05	214.65

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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Astra Plans to End U.S. Deal With Merck

Swedish Drug Giant Will Buy Out Venture

Bloomberg Business News

STOCKHOLM — Astra AB is close to buying Merck & Co.'s half of their U.S. sales venture, Astra Merck Inc., people familiar with the transaction said Friday, paving the way for Sweden's biggest drug company to merge with a rival.

Astra, which is due to announce the deal next week, will first pay up to $3 billion for Astra Merck with further payments based partly on future sales over 10 years. Analysts say those payments could reach $15 billion.

Astra and Merck said they were in talks to "restructure" the venture but would not give details.

Buying out the venture could encourage suitors to bid for Astra, maker of Losec, an ulcer medicine that is the world's top-selling prescription drug, because it removes Merck's first right of refusal to sell all new Astra products in the United States.

Merck, which last month shed its stake in a venture with Du Pont Co. for $2.6 billion, could use the cash to fund research.

"Astra will have more options to merge or buy companies, or someone could come and buy them," said Per Skovlie, a fund manager at Storebrand in Oslo. "Getting bigger is part of the game."

Shares in Astra, the world's 15th-largest drug company, closed at 169.5 kronor ($21.86), a rise 16.5 kronor, or 11 percent. Merck shares also rose strongly in the United States.

Astra's chief executive, Haakan Mogren, said three months ago his company was looking for a merger partner of a similar size, such as Zeneca Group PLC, Schering-Plough Corp. or Bayer AG. Analysts say a U.S. partner is more likely since the company needs to bolster its presence in the United States, where more than 38 percent of the world's drugs are sold.

Merck, however, is not interested in a merger or acquisition even with the possible end of Astra Merck, said John Doorley, a company spokesman. The company instead prefers to focus on developing new products with their cash.

Robin Campbell, an analyst with Paribas Capital Markets, said $10 billion was "probably the lowest Astra can pay to extricate itself from the venture." But, he added, "Astra will be in a much better position to talk to merger candidates."

Astra Merck was formed in November 1994, when Astra paid $820 million to reclaim half of the rights to sell its drugs in the United States. Merck had acquired that right for $60 million in 1982, just as Losec was coming to market.

Astra also is under pressure from Investor AB, its largest shareholder, to lift a stock price that has risen just 23 percent in the past year compared with the Swedish OMX index's 34 percent increase.

Singapore Is Most Competitive

The Associated Press

GENEVA — For the second year in a row, Singapore remains the world's most competitive economy, ahead of Hong Kong and the United States, according to a report released Friday.

The World Economic Forum's Global Competitiveness Report 1998 ranks countries according to their openness, government, finance, infrastructure, technology, management, labor and institutions. Countries are given scores in each category, and an average is taken to evaluate overall competitiveness.

Singapore and Hong Kong owe their high rankings to the fact they scored well in all categories, while the United States received top marks for finance, infrastructure, technology and management.

"After the return of Hong Kong to China, business responses remain generally positive about Hong Kong," said Jeffrey Sachs, director of the Harvard Institute for International Development and co-chairman of the panel issuing the report. "Hong Kong is caught up in the external crisis in the region and is a service provider like Singapore. Both are well-run countries."

The United States is by far the most competitive large country, according to the report. Among other countries with populations greater than 50 million, Britain ranked fourth overall and Japan was 12th.

Kohl Hails Drop in Unemployment

Reuters

BONN — Chancellor Helmut Kohl on Friday seized on a decline in German unemployment to its lowest level in two years as proof he was winning the jobs fight, four months before the general election in September.

He said unemployment fell by 220,000 in May, bringing the jobless rate down to 10.9 percent. It was the first time the figure had fallen below 11 percent since 1996.

The jobless data were not due to be officially released until Tuesday, but Mr. Kohl unveiled the figures early to help his flagging campaign to win an unprecedented fifth term as chancellor.

"The latest economic data signal that the recovery is gaining in breadth and dynamism, and has now reached the labor market," Mr. Kohl said in a campaign speech in Essen.

Mr. Kohl also forecast economic growth of between 2.5 percent and 3 percent this year.

The unemployment data, which do not take seasonal factors into account, follow a fall of 200,000 in April, to 4.42 million.

But economists said Mr. Kohl's diagnosis of the drop in unemployment as due to an accelerating economic upturn only told half the story. They noted that the dramatic drop in the number of jobless would not have been possible if the Kohl government had not injected cash into new job-creation programs earlier this year.

Adolf Rosenstock, an economist at Industrial Bank of Japan, said billions of marks in extra funding announced in January would make it possible to cut about 500,000 people from the jobless rolls before the Sept. 27 general election.

Economists also said that the positive employment outlook would not justify higher interest rates.

Boost for EBRD Candidate

Koehler of Germany Wins Unanimous EU Backing

Compiled by Our Staff From Dispatches

LUXEMBOURG — European Union finance ministers unanimously endorsed Horst Koehler, Germany's chief negotiator of the Maastricht treaty, for the presidency of the European Bank for Reconstruction and Development, the German finance minister, Theo Waigel, said.

The 15-nation EU endorsement strengthens the chances that Mr. Koehler will get the job because the EU holds a 51 percent stake in the bank and traditionally its candidate is selected. Mr. Waigel said that other shareholders, including the United States and East European countries, had signaled that they also would back Germany's nominee.

Mr. Koehler, 55, is unopposed in his bid to head the bank, known as EBRD, which promotes business and economic development in the countries of the former Soviet bloc. The post has been vacant since Jacques de Larosiere retired on Jan. 31.

The ministers also approved a capital increase for the European Investment Bank, allowing it to lend and borrow for at least five more years, bank officials said. The ministers, who make up the bank's board of governors, also agreed an exceptional payout of 1 billion European currency units ($90 million) from the bank's reserves, allocated according to each EU member's share in its capital. It was the first such payout made by the bank in its 40-year history. Germany, France, Britain and Italy each hold 17 percent of the bank. The rest is shared by the other 11 EU members.

The subscribed capital of the bank will rise to 100 billion Ecus from 62 billion, allowing it to lend and borrow up to 250 billion Ecus, compared with a ceiling of 155 billion now. *(Bloomberg, Reuters)*

WorldCom-MCI Deal Has an EU Problem

Bloomberg Business News

WASHINGTON — The European Union's top antitrust official said Friday he would move to block WorldCom Inc.'s proposed $41.8 billion purchase of MCI Communications Corp. next week unless the companies offer "proper remedies" to assure they would not dominate Internet backbone services.

EU and U.S. Justice Department antitrust enforcers told the companies that MCI's proposed sale of its wholesale Internet business to Cable & Wireless PLC "was not good enough," the EU competition commissioner, Karel Van Miert, said.

"They tried to keep as much as they possibly could, and we said, 'No, that's not what we had in mind,' " Mr. Van Miert said of MCI's proposed Internet sale, which the company had hoped would lead to EU clearance.

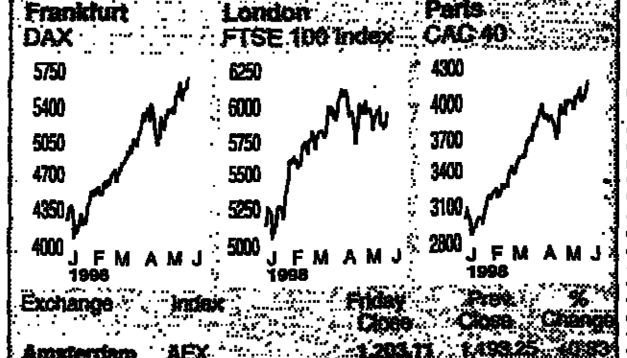
The companies face a July 15 deadline for a final EU ruling. The European Commission, the EU's executive agency, must spell out its position on the takeover at least a month before that date. The 20-member commission will meet Wednesday, and Mr. Van Miert is to submit his recommendation then.

The companies must guarantee that any overlap in their Internet businesses will be eliminated, Mr. Van Miert said.

"Otherwise, I don't have any other option than to put a negative decision before the European Commission," he said.

A sale of WorldCom's Internet unit, UUnet Technologies Inc., would satisfy concerns, Mr. Van Miert said.

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	1,203.11	1,193.25	+0.83
Brussels	BEL-20	2,317.99	2,271.24	[illegible]
Frankfurt	DAX	5,688.59	5,592.48	+1.72
Copenhagen	Stock Market	Closed	795.41	
Helsinki	HEX General	4,886.87	4,798.91	+1.83
Oslo	OBX	688.63	672.63	+2.38
London	FTSE 100	5,947.30	5,860.80	+1.48
Madrid	Stock Exchange	894.36	881.40	+1.47
Milan	MIBTEL	24220	23921	+1.25
Paris	CAC 40	4,185.85	4,119.83	+1.60
Stockholm	SX 16	4,243.81	4,089.47	+3.75
Vienna	ATX	1,578.23	1,576.40	[illegible]
Zurich	SPI	4,859.78	4,801.85	+1.22

Source: Telekurs

International Herald Tribune

Very briefly:

- **LM Ericsson AB**, the Swedish telecommunications company, is investigating moving its headquarters abroad and is considering sites in Amsterdam, London and Paris. It expects the review to be finished in October.
- **The oil ministers of Saudi Arabia, Venezuela and Mexico**, who agreed to cut 450,000 barrels per day collectively from July 1 following a meeting in Amsterdam, called on producers inside and outside the Organization of the Petroleum Exporting Countries to join the cuts.
- **The BBC** has made a deal with **British Sky Broadcasting Group PLC** to broadcast its programs over the pay-TV company's planned digital satellite service.
- **Vivendi SA**, the French utilities conglomerate, sold its 25 percent in **Electrafina SA**, a Belgian oil and media company, to **Groupe Bruxelles Lambert SA** for $1.2 billion.
- **Atos SA**, France's second-biggest computer services company, earned 230 million French francs ($38.7 million) in the six months to March 31, up from 97 million francs in the year-earlier period a year earlier. Excluding acquisitions and assets sold, profit rose 35 percent. *Reuters, Bloomberg*

Fortis Poised to Lift Generale Bid

Bloomberg News

BRUSSELS — Fortis AG said Friday it was ready to raise its bid for Generale de Banque SA to as much as $14 billion by adding cash to its all-stock offer to fend off a rival offer from ABN-AMRO Holding NV of the Netherlands.

Fortis said that it did not see a need to raise its $11.1 billion bid yet but said it wanted the flexibility to lift its offer by as much as 15 percent above AMRO's $12.3 billion bid.

WORLD STOCK MARKETS

Friday, June 5

Daily prices in local currencies.

Telekurs

Amsterdam
AEX index: 1203.11 Previous: 1193.25

	High	Low	Close	Prev.
ABN-AMRO	48.70	47.80	48	48
Aegon	166.70	162.20	163.50	163.80
Ahold	64.60	63.80	63.90	64
Akzo Nobel	446.70	438.30	441.70	439.50
ASM Litho.	72.30	70.10	71.80	71.10
ASR Verz.	172.50	170.10	170.90	171.80
Baan Co.	90	88.20	89.50	88
Bols Wess cva	31.80	31.30	31.70	31.60
Cap Gemini	160	157.60	159.50	158
CSM cva	104.80	102.30	103	103.80
Dordtsche Pet	108.20	106.80	107.90	106.20
DSM	217.20	213.50	216.90	212.40
Elsevier	31.10	30.80	31	30.60
Fortis Amev	121.40	117.70	121.20	118.60
Getronics	98.90	94.10	97.20	94
Hagemeyer	90	88.30	88.40	89
Heineken	76.80	75.50	76	74.40
Hoogovens cva	91.90	91.20	91.70	91.20
Hunt Douglas	104.20	102.50	103	103.50
IHC Caland	109	106.90	109	107.70
ING Group	139.20	137.40	139.10	137.80
KLM	77	75.60	76	76
KNP BT	58.20	57.40	58.10	57.60
KPN	120.40	116	118.30	114.80
Nedlloyd	44.20	43.50	43.80	44.10
Numico	70.60	68	69.50	69.50
Oce	86	84.60	86	84.20
Philips Elec	184.30	180.90	182	183.30
Polygram	110.80	110	110.80	110.30
Randstad Hdg	120	115.30	120	115.70
Robeco	215.40	214.40	214.40	212.50
Rodamco	54.30	53.60	54	54.10
Rolinco	197.50	196.70	197.50	195.50
Rorento	124.50	124	124.10	124.30
Royal Dutch	114.10	112.90	113.70	112.10
Unilever cva	165.30	163.50	165.20	163.80
Vendex Intl	132	129.80	130.70	130.40
VNU	71.80	69.50	71.70	69.50
Wolters Kl cva	294	289.10	293.50	290

Bangkok
SET index: 318.16 Previous: 318.81

	High	Low	Close	Prev.
Adv Info Svc	240	234	240	234
Bangkok Bk F	81.50	80	80	79
BEC World	154	147	152	144
Delta Electron.	300	290	300	290
Elec. Gener. F	66	64	65.50	64.50
Krung Thai Bk	5.70	5.20	5.50	5.50
PTT Explor F	352	328	336	340
Siam Cement F	346	324	326	346
Telecomasia F	12.75	11.50	12.25	12
Thai Airways	39.50	38	39.50	38.50
Thai Farm Bk F	64.50	63.50	64	63.50

Bombay
Sensex 30 index: 3417.89 Previous: 3544.21

	High	Low	Close	Prev.
Bajaj Auto	576.00	538.00	545.50	577.00
Bharat Hvy El	319.00	290.00	290.25	311.50
Bharat Petim	363.00	354.00	358.25	369.50
Hindust Lever	1590.00	1540.00	1540.00	1575.00
Hindust Petim	383.00	373.00	381.00	375.50
Ind Dev Bk	73.60	66.20	66.25	73.55
ITC	674.00	633.00	638.00	657.00
Larsen Toubro	255.00	243.00	245.60	258.20
Mahanagar Tel	212.00	207.00	208.30	213.00
Reliance Ind	162.60	156.00	157.00	163.10
State Bk India	209.50	197.00	198.20	209.90
Tata Eng Loco	214.00	205.20	208.50	215.00

Brussels
BEL-20 index: 2317.99 Previous: 2271.24

	High	Low	Close	Prev.
Almanij	3320	3230	3270	3160
Cobepa	2640	2620	2635	2640
Delhaize Lion	2645	2590	2640	2575
Dexia Belgium	5590	5520	5560	5480
Electrabel	9350	9330	9340	9300
Electrafina	5300	5100	5150	5040
Fortis AG	10525	10400	10450	10450
GBL	8600	8330	8460	8320
Gen Banque	28750	26975	28725	27025
Kredietbank	25550	25050	25375	25000
Petrofina	15450	15075	15325	15100
Royale Belge	14350	14250	14350	14325
Soc Gen Belg	6540	6480	6510	6440
Solvay	2975	2925	2970	2910
Tractebel	4900	4875	4900	4895
UCB	185750	182200	185350	182150

Market Closed

The stock market in Copenhagen was closed Friday for a holiday.

Frankfurt
DAX: 5688.59 Previous: 5592.48

	High	Low	Close	Prev.
AMB R	209.30	209.25	209.30	209
Adidas	318	315	316	317
Allianz	568.50	564.50	568	552
Altana	151	145	149.90	140.10
Audi	1785	1775	1777	1825
Axa Colonia	229	224	225.50	229.50
Bk Berlin	43.50	43.10	43.20	43.10
BASF	83.55	83.05	83.25	82.95
Bayer	85.35	84.50	84.85	83.90
Bayer Hypo Bk	109.25	107.80	109.15	106.60
Bay.Vereinsbank	145.80	145	145.80	143
Beiersdorf	119.80	118	119.80	115.70
Bewag	83.25	83	83.25	83
BHW Holding	32.50	31.90	32.50	31.80
BMW	1975	1940	1975	1911
Commerzbank	71.75	71.20	71.20	71.45
Daimler Benz	180.50	179.10	179.80	176.90
Degussa	118.30	117	117.20	117
Deutsche Bank	154.45	153.40	154.45	153
Deut Telekom	48.60	48	48.05	49
Dresdner Bank	102.30	101.75	101.80	100.80
Energie BW	73	72	73	72
Ergo Vers.	320	315	319	315
Fresenius	363	358	357	353
Fresenius Med	125.60	124.50	124.50	124.90
Fr. Krupp Hoes	360	357	359	360
Gehe	98.50	96	98.10	95.70
Heidelbg Zmt	167.50	166.60	167.50	168
Henkel pfd	170	168.50	169.75	168
Hochtief	87.10	86.50	86.90	86.35
Karstadt	989	970	985	950
Lahmeyer	96	93	93	91
Linde	1303	1295	1298	1295
Lufthansa R	46.60	46.10	46.60	45.60
MAN	732	726.50	732	722
Mannesmann	173.75	172.30	172.95	169.50
Metallgesellschaft	37.75	37.50	37.50	37.40
Metro	117.65	116.20	117.65	114.60
Munch Rueck R	852	843	850	838
Preussag	620	616	617	623
RWE	100	99.15	100	97.90
RWE-DEA	N.T.	N.T.	N.T.	480
SAP	964	948	964	933
Schering	212	207.50	211	206
Siemens	115.60	114.60	115.35	114.50
Springer (Axel)	1530	1480	1485	1505
Thyssen	455	452	453	453.50
Veba	125.80	124.20	125.80	124.25
VEW	600	600	630	630
Viag	1137	1095	1137	1103
Volkswagen	1560	1537	1541	1525
Woertlem. Vers.	2675	2675	2670	2670

Helsinki
HEX General index: 4886.87 Previous: 4798.91

	High	Low	Close	Prev.
Cultor 2	96.10	95	96	96
Enso R	69	68.50	68.70	69
Huhtamaki I	303	298	303	298
Merita A	34.30	34	34.10	33.90
Metra B	177.50	173	177	174
Neste	172	172	172	173
Nokia A	363	352.50	362.50	351.50
Orion-Yhtymae	164	160	163	162.50
Outokumpu	74.70	74.30	74.50	74.50
Pohjola Ins. B	284	280	283	283
Raisio V	930	895	930	905
Sampo Ins. A	252	240	252	240
UPM Kymmene	160	156.50	159	159

Hong Kong
Hang Seng: 8569.47 Previous: 8558.43

	High	Low	Close	Prev.
Amoy Props	4.93	4.78	4.85	4.85
Bk East Asia	9.65	9.45	9.60	9.55
Beijing Ent.	12.20	11.80	12.00	12.05
Cathay Pacific	5.65	5.30	5.50	5.50
Cheung Kong	39.60	38.50	38.80	39.10
CK Infrastruct	16.15	15.75	15.80	15.80
China Merchant	5.15	4.95	4.98	5.05
China O'seas	1.22	1.18	1.19	1.21
China Resource	9.35	8.95	9.00	9.10
CLP Holdings	33.10	32.50	32.70	32.70
Citic Pacific	17.65	15.85	16.15	17.55
Cosco Pacific	3.85	3.65	3.65	3.90
Dao Heng Bk	15.25	14.20	14.90	15.25
Hang Lung Dev	7.35	7.20	7.20	7.35
Hang Seng Bk	52.00	50.50	50.50	50.50
Henderson Inv	4.55	4.40	4.40	4.55
Henderson Ld	27.70	27.10	27.45	27.35
HK China Gas	10.00	9.80	9.90	9.85
HK Electric	22.00	21.85	21.95	22.00
HK Telecomm	13.75	13.50	13.60	13.50
HSBC Hdgs	188.00	185.50	187.00	185.00
Hutchison Wh	39.10	38.00	38.20	38.00
Hysan Dev.	7.50	6.80	6.95	7.25
Johnson El Hdg	29.30	27.90	29.30	27.90
Ka Wah Bank	3.73	3.63	3.65	3.63
Natl Mutual	5.30	4.98	5.05	5.35
New World Dev.	17.25	16.65	16.70	17.00
New World Infr.	13.10	12.90	12.90	13.05
Shanghai Ind.	20.90	20.30	20.30	20.50
Shangri-La Asia	4.57	4.40	4.45	4.30
SHK Props	35.40	34.60	34.70	35.10
Sino Land Co.	2.65	2.58	2.65	2.63
Swire Pac A	26.40	25.65	26.30	25.65
Wharf Hdgs	9.25	8.85	8.90	9.05
Wheelock	5.20	5.00	5.00	5.15
Yue Yuen Ind.	13.60	13.45	13.55	13.50

Jakarta
Composite index: 489.52 Previous: 486.33

	High	Low	Close	Prev.
Astra Intl	1300	1050	1050	1200
Gudang Garm	8250	7900	8200	7600
Indah Kiat	2075	1925	1975	1950
Indocement	3700	3375	3700	3600
Indofood	1925	1500	1500	1575
Indorama Syn	1700	1450	1500	1700
Indosat	15200	15000	15075	14900
Sampoerna HM	3375	2850	2850	3150
Semen Gresik	5500	5200	5325	5075
Tambang Tim	7225	7100	7225	7075
Telekomunikasi	3550	3500	3525	3500
Texmaco Perk	3000	2900	3000	3000

Johannesburg
All Market: 7491.11 Previous: 7516.31

	High	Low	Close	Prev.
ABSA Group	39.50	38.95	43.50	39.40
AngloAm Corp	230.40	222.80	245.20	230.40
AngloAm Ind	142.00	137.00	158.00	139.80
AngloAm Plat	67.00	64.20	68.00	67.50
Barlow	38.00	36.00	46.25	37.75
Bidvest Grp	54.00	52.50	51.80	53.80
Billiton	11.90	11.65	12.90	11.85
BOE	9.40	9.15	9.60	9.30
Coronation N	109.20	108.60	114.40	108.80
De Beers	105.80	102.00	111.00	104.60
Dimension Data	36.75	35.80	37.75	36.70
Fedsure Hdgs	81.00	79.00	76.50	80.50
FirstRand	10.25	9.95	10.55	9.95
Genbel Sec	79.00	77.50	83.90	79.00
Imperial Hdgs	64.40	64.00	62.30	64.20
Investec Hdgs	256.00	247.00	250.00	245.00
Johnnies Indl	60.00	59.40	64.40	60.50
Liberty Hdgs	362.00	360.00	376.00	361.40
Liberty Life	137.00	135.00	145.00	136.00
LibLife Strat	18.20	17.50	19.50	18.30
Met Life	17.35	17.20	15.70	17.25
Minorco	79.60	78.50	87.40	80.00
Nampak	18.30	18.00	19.25	18.15
NBS Boland	10.70	10.35	10.90	10.70
Nedcor	147.20	144.80	147.20	145.40
Orion Select	10.35	10.00	10.50	10.30
Persetel Q Data	53.60	52.50	56.40	53.70
Primedia Uts	46.50	46.00	49.00	46.00
Rembrandt Gp	41.50	40.80	42.90	41.30
Richemont	72.50	71.70	74.20	71.90
SA Breweries	136.80	135.40	155.00	137.20
Sasol	38.50	35.90	41.10	37.70
SBIC	27.85	26.70	29.50	27.00
Smith (C.G.)	22.40	22.10	23.00	22.50
Tiger Oats	68.50	68.00	77.20	68.50

Kuala Lumpur
Composite: 505.85 Previous: 518.61

	High	Low	Close	Prev.
Berjaya Sports	7.60	7.40	7.60	7.60
Genting	9.85	9.70	9.70	9.70
Golden Hope	4.26	4.20	4.20	4.20
KL Kepong	7.40	7.30	7.30	7.40
Magnum	2.01	1.95	1.95	1.97
Mal Banking	5.15	5.00	5.00	5.05
Mal Intl Ship F	6.85	6.70	6.80	6.70
Petronas Gas	8.45	7.95	7.95	8.45
Public Bk F	1.44	1.43	1.43	1.43
Resorts World	5.95	5.85	5.85	5.95
RHB Capital	2.22	2.11	2.11	2.15
Rothmans PM	28.25	28.00	28.00	28.00
Sime Darby	3.12	3.00	3.00	3.08
Telekom Mal	8.05	7.50	7.50	8.05
Tenaga	6.05	5.75	5.80	5.95
YTL	4.64	4.44	4.46	4.68
YTL Power	2.86	2.80	2.85	2.80

London
FT-SE 100: 5947.30 Previous: 5860.80

	High	Low	Close	Prev.
Abbey Natl	10.81	10.50	10.67	10.64
Alliance Leic	8.43	8.04	8.11	8.02
Allied Domecq	6.03	5.98	6.00	5.98
Amvescap	6.66	6.51	6.60	6.58
Anglian Water	8.85	8.63	8.85	8.74
ASDA Group	1.92	1.87	1.90	1.90
Assoc Br Foods	5.94	5.60	5.89	5.61
BAA	7.04	6.84	6.93	6.92
Bank Scotland	7.32	6.76	7.23	7.10
Barclays	17.09	16.57	16.79	16.54
Bass	11.20	10.92	11.07	11.05
BAT Ind	5.93	5.80	5.92	5.84
BG	3.22	3.15	3.18	3.15
Billiton	1.43	1.40	1.43	1.44
Blue Circle	3.87	3.82	3.85	3.83
BOC Group	9.60	9.31	9.40	9.56
Boots	10.30	9.85	10.29	9.74
Brit Assur	12.61	12.52	12.60	12.65
Brit Aerosp	5.32	5.10	5.22	5.27
Brit Airways	6.62	6.31	6.57	6.51
Brit Energy	6.10	5.80	6.00	5.86
Brit Land	6.83	6.70	6.70	6.84
Brit Petm	9.20	9.00	9.06	8.73
Brit Steel	1.52	1.50	1.50	1.51
Brit Telecom	6.55	6.45	6.52	6.51
BSkyB	4.50	4.32	4.33	4.35
BTR	1.99	1.94	1.98	1.95
Burmah Castrol	12.45	12.00	12.00	12.41
Cable Wireless	7.22	7.11	7.20	7.12
CW Comms	4.98	4.92	4.98	4.95
Cadbury Schw	9.91	9.48	9.81	9.33
Carlton Comm	5.34	5.09	5.28	5.10
Centrica	1.06	1.02	1.06	1.02
Comml Union	11.10	10.50	11.10	10.81
Compass Group	12.31	11.67	12.31	11.75
Daily Mail A	31.00	30.10	30.75	31.50
Diageo	7.73	7.11	7.27	7.29
Dixons Group	5.88	5.65	5.72	5.80
EMAP	12.68	12.50	12.55	12.51
EMI Group	5.34	5.10	5.31	5.10
Energy Group	8.64	8.50	8.52	8.55
Enterprise Oil	5.76	5.55	5.56	5.56
Gallaher Group	3.32	3.20	3.21	3.23
GEC	5.30	5.07	5.30	5.10
GKN	9.08	8.55	8.73	9.01
Glaxo Wellcome	16.90	16.50	16.77	16.41
Granada Group	12.00	11.70	11.86	11.66
GRE	3.89	3.68	3.89	3.68
GUS	8.85	8.65	8.84	8.77
Halifax	8.72	8.35	8.57	8.40
Hays	10.78	10.44	10.68	10.78
HSBC Hdgs	15.12	14.68	15.11	14.66
HSBC Hdgs 75p	16.00	15.45	15.98	15.56
ICI	11.21	10.95	10.96	11.14
Impl Tobacco	4.62	4.35	4.61	4.41
Kingfisher	10.73	10.52	10.65	10.69
Ladbroke	3.37	3.27	3.34	3.33
Land Sec	10.00	9.57	9.85	9.62
Lasmo	2.83	2.77	2.80	2.79
Legal Genl Grp	6.84	6.64	6.84	6.72
Lloyds TSB Grp	8.95	8.55	8.83	8.80
LucasVarity	2.69	2.60	2.63	2.72
Marks Spencer	5.65	5.57	5.62	5.54
MEPC	5.65	5.40	5.51	5.43
Misys	34.02	33.22	33.57	34.36
National Grid	3.95	3.86	3.91	3.90
National Power	6.14	5.72	5.87	5.70
NatWest	11.10	10.80	11.80	10.86
Next	5.70	5.60	5.62	5.61
Northern Rock	6.24	5.90	6.16	6.12
Norwich Union	4.65	4.50	4.65	4.50
Nycomed Amer	20.56	19.50	19.99	19.40
Orange	4.99	4.74	4.90	4.75
P&O	8.49	8.40	8.48	8.41
Pearson	11.53	11.00	11.21	11.36
PowerGen	8.03	7.65	7.82	7.73
Provident Fin	9.95	9.52	9.70	9.66
Prudential	8.25	7.87	8.25	7.99
Railtrack Group	14.55	13.81	13.95	13.80
Rank Group	3.63	3.56	3.61	3.56
Reckitt Colman	12.04	11.80	11.83	11.95
Reed Intl	5.70	5.63	5.67	5.61
Rentokil Initial	4.25	4.17	4.19	4.19
Reuters Group	7.49	6.68	7.47	7.31
Rio Tinto R	7.74	7.47	7.62	7.68
RMC Group	12.25	12.05	12.10	12.25
Rolls Royce	2.88	2.85	2.86	2.86
Royal Bk Scot	10.75	10.27	10.65	10.36
Royal & Sun All	6.75	6.41	6.74	6.40
Safeway	3.80	3.69	3.74	3.77
Sainsbury	5.16	5.07	5.12	5.07
Schroders	17.65	17.16	17.65	17.51
Scot Newcastle	9.00	8.63	8.72	8.74
Scot Power	5.75	5.48	5.73	5.65
SEMA Group	24.75	24.02	24.50	23.95
Severn Trent	10.48	9.98	10.35	10.23
Shell Transp R	4.52	4.43	4.52	4.40
Siebe	13.48	13.35	13.39	13.41
SmithKline	6.75	6.60	6.68	6.51
Smiths Ind	9.60	9.40	9.56	9.82
Sthern Elec	5.49	5.38	5.48	5.41
Stand Charter	8.15	7.01	7.14	7.12
Sun Life Prov	5.68	5.53	5.55	5.58
Tate & Lyle	5.01	4.94	5.00	4.99
Tesco	5.38	5.29	5.36	5.32
Thames Water	10.50	10.04	10.40	10.05
3i Group	6.75	6.40	6.69	6.49
TI Group	6.30	5.72	5.76	5.75
Tomkins	3.50	3.44	3.48	3.46
Unilever	7.02	6.90	7.00	6.94
Utd News	9.50	9.10	9.18	9.12
Utd Utilities	8.80	8.56	8.73	8.56
Vodafone	7.75	7.16	7.57	7.37
Whitbread	10.37	9.91	10.16	9.85
Williams Hdgs	4.55	4.41	4.50	4.45
Wolseley	4.19	4.05	4.09	4.19
Woolwich	3.49	3.32	3.39	3.39
WPP Group	4.25	4.18	4.20	4.22
Zeneca	26.40	25.47	26.26	25.14

Madrid
Bolsa index: 894.36 Previous: 881.40

	High	Low	Close	Prev.
ACESA	2545	2475	2540	2475
Aguas Barcelon	8490	8350	8440	8440
Argentaria	13060	12860	13010	12880
BBV	7850	7730	7840	7710
Banesto	1900	1865	1870	1895
Bankinter	10170	10000	10100	10000
Bco Centro Hisp	5050	4960	5050	4925
Bco Popular	12620	12230	12620	12200
Bco Santander	7900	7740	7890	7710
Catalana Occid	10650	10400	10500	10500
CEPSA	5830	5710	5810	5670
Continente	3560	3465	3500	3480
Corp Mapfre	6200	5860	6100	5840
Endesa	3605	3540	3540	3545
FECSA	1615	1585	1605	1595
Fom Constr	7700	7560	7630	7470
Gas Natural	11850	11250	11840	11150
Grupo Acciona	37900	37500	37900	37750
Iberdrola	2525	2465	2465	2450
Pryca	2815	2710	2710	2805
Repsol	8650	8570	8600	8540
Sevillana Electr	1800	1760	1785	1775
Tabacalera	3240	3195	3215	3205
Telefonica	7110	6990	7070	6940
Union Fenosa	1970	1920	1935	1940
Valenc Cement	3660	3575	3600	3555

Manila
PSE index: 1957.76 Previous: 1953.88

	High	Low	Close	Prev.
Ayala	12.25	12.00	12.25	12.25
Ayala Land	13.00	12.75	13.00	12.75
Bk Philip Isl	94.50	93.00	94.00	92.50
Manila Elec A	72.50	72.00	72.50	72.00
Manila Elec B	114.00	112.00	113.00	113.00
Metro Bank	280.00	275.00	277.50	277.50
Petron	5.40	5.20	5.20	5.20
Phil Long Dist	1005.00	995.00	995.00	1000.00
San Miguel A	44.00	43.50	44.00	44.00
San Miguel B	60.50	59.50	59.50	59.50
SM Prime Hdg	6.90	6.90	6.90	6.80

Mexico
Bolsa index: 4608.75 Previous: 4592.01

Late trading

	High	Low	Close	Prev.
Alfa A	41.00	40.40	40.40	40.55
Banacci B	22.30	21.50	21.80	22.00
Bancomer B	4.50	4.34	4.38	4.39
Bimbo A	20.85	20.20	20.35	20.25
Carso A1	46.65	45.70	45.70	46.30
Carso Gl Tel A1	29.50	29.00	29.00	29.00
Cemex CPO	40.00	39.65	39.65	39.60
Cifra C	13.14	12.88	13.00	12.88
Inbursa B	25.00	24.95	25.00	24.80
KimClark Mex A	36.30	35.85	35.85	35.90
Televisa CPO	177.10	175.00	175.30	174.00
TelMex L	21.95	21.50	21.60	21.50

Milan
MIB Telematico: 24220.00 Previous: 23921.00

	High	Low	Close	Prev.
Alleanza Assic	25200	24550	24850	24300
Bca Comm Ital	10350	9980	10170	10285
Bca Fideuram	11200	10650	10890	10600
Bca Intesa	10650	10210	10210	10400
Bca di Roma	3655	3475	3655	3650
Benetton	38900	38450	38550	38300
Comparl	1775	1740	1766	1735
Credito Italiano	10290	9960	10245	9925
Edison	16470	16100	16220	16300
ENI	12765	12580	12590	12510
Fiat	8050	7915	7970	7835
Fondiaria Assic	11395	11200	11360	11100
Generali Assic	58800	58100	58300	57500
IFIL rnc	5740	5630	5740	5605
IMI	30400	29500	30300	29350
INA	5610	5500	5600	5440
Italgas	8300	8180	8210	8105
Mediaset	11660	11460	11580	11500
Mediobanca	24200	22850	24100	23500
Montedison	2410	2370	2370	2380
Olivetti	2650	2625	2625	2610
Parmalat	3610	3500	3545	3520
Pirelli	6230	6175	6220	6185
RAS	27550	26950	27350	26600
Rolo Banca	44400	43600	44300	43650
S Paolo Torino	28300	27550	28200	27350
Telecom Italia	13975	13730	13780	13530
TIM	11000	10820	10880	10760

Montreal
Industrials index: 4182.05 Previous: 4075.24

Late trading

	High	Low	Close	Prev.
BCE Mob Com	38.00	37.75	38.00	37.90
Biochem Pharm	37.60	35.40	36.20	37.00
Cdn Util A	45.85	45.35	45.35	45.25
CT Finl Svc	58.00	58.00	58.00	58.00
Gt-West Lifeco	49.00	48.00	48.50	48.50
Imasco	27.85	27.60	27.80	27.55
Investors Grp	50.50	49.50	49.75	50.85
Loblaw Cos	32.30	32.10	32.10	32.50
Natl Bk Canada	28.40	28.20	28.30	28.35
Power Corp	63.50	62.75	62.75	63.25
Power Finl	63.40	62.25	62.35	63.35

Oslo
OBX index: 688.63 Previous: 672.63

	High	Low	Close	Prev.
Aker A	126	114	114.50	115
Aker Maritime	158	157	157	155
Bergesen Dy A	153	151	151	151
Christiania Bk	31	30.30	30.80	30.20
Den norske Bk	38.80	38	38.40	37.90
Kvaerner	295	287	294	281
Netcom	185	181	181	183
Norsk Hydro	338	332	338	331.50
Norske Skog A	253	249	249	247
Nycomed Amer	238	234	236	233
Orkla A	181.50	172	181	169
Petm GeoSvc	509	493	505	485
Saga Petim A	126.50	124	125.50	125
Schibsted	123	120	122	121
Storebrand	71	69	70	69

Paris
CAC-40: 4185.85 Previous: 4119.83

	High	Low	Close	Prev.
Accor	1747	1707	1747	1702
AGF	374	363.10	365.20	369
Air Liquide	1202	1181	1198	1174
Alcatel Alsth	1235	1175	1211	1178
Axa	702	693	694	693
BIC	474.80	465	468	469
BNP	511	495.40	511	501
Bouygues	1157	1117	1150	1128
Canal Plus	1150	1113	1118	1135
Cap Gemini	875	855	863	850
Carrefour	3830	3742	3808	3814
Casino	457	448	457	452
CCF	501	479.10	498.90	479
Christian Dior	854	830	840	824
Danone	1707	1651	1651	1689
Dassault Sys	286	270	278.50	283.90
Dexia France	817	806	814	804
Elf-Aquitaine	878	851	874	837
Eridania BS	1328	1309	1309	1312
Essilor Intl	2660	2613	2620	2610
Eurodisney	11	10.50	11	10.60
Eurotunnel	7.95	7.50	7.55	7.85
France Telecom	364	356.10	361	355
Havas	498	481.50	498	485.50
Lafarge	658	638	657	647
Lagardere	268	262.20	267	264.20
Legrand	1740	1701	1713	1718
L'Oreal	3284	3250	3250	3240
LVMH	1360	1305	1347	1295
Michelin B	384.20	378.80	380	381
Paribas A	617	607	608	615
Pechiney A	297	291	293	293
Pernod Ricard	439	427	427	432
Peugeot Cit	1320	1250	1320	1240
Pinault-Print	5220	4953	5220	4954
Promodes	2990	2926	2960	2969
Renault	337.50	325	330	326
Rexel	2765	2635	2705	2620
Rh-Poulenc A	345	341.30	345	340
Sanofi	765	747	750	752
Schneider	515	504	511	501
SGS Thomson	434.80	428.50	429.50	436.60
Ste Generale A	1220	1200	1220	1198
Sodexho Alliance	1185	1166	1180	1175
St Gobain	1185	1170	1176	1157
Suez Lyon Eaux	1027	1016	1019	1015
Synthelabo	1051	1026	1040	1050
Thomson CSF	251.20	248.30	250.20	249
Total B	793	767	793	757
Usinor	109	105.30	106.30	107.80
Valeo	622	600	616	613
Vivendi	1269	1219	1269	1229

São Paulo
Bovespa index: 10299.22 Previous: 10191.03

Late trading

	High	Low	Close	Prev.
Bco Brasil Pfd	14.15	13.62	13.85	13.80
Bradesco Pfd	09.25	08.90	09.25	08.95
Brahma Pfd	715.00	710.00	710.00	710.00
Cemig Pfd	39.50	38.50	39.00	39.00
CESP Pfd	41.00	39.00	40.00	38.80
Copel Pfd B	11.55	11.30	11.45	11.40
Eletrobras	39.70	38.50	38.50	38.60
Eletropaulo Pfd	90.00	84.00	86.20	83.00
Gerdau Pfd	17.80	16.70	17.60	17.00
Itaubanco Pfd	677.00	660.00	670.00	657.00
Light Servicos	380.00	373.00	379.00	375.00
Petrobras Pfd	244.00	238.00	240.00	240.00
SABESP	184.90	176.00	176.00	176.70
Telebras Pfd	132.50	127.80	129.80	129.00
Telerj Pfd	98.00	91.00	97.50	89.51
Telesp Pfd	274.00	262.00	271.00	260.00
CVRD Pfd	25.40	24.40	25.01	24.70

Seoul
Composite index: 341.53 Previous: 332.44

	High	Low	Close	Prev.
Daewoo Heavy	4920	4700	4790	4780
Hyundai Elec.	19800	18600	19500	19300
Kookmin Bank	7150	6900	7000	6910
Korea El Pwr	15400	14800	15400	14500
LG Electronics	13200	12600	13000	12800
LG Semicon	11800	11100	11300	11400
Pohang Iron St	47900	46400	47900	46200
Samsung Display	47900	46000	47000	46600
Samsung Elec	49700	47300	49200	47500
Samsung Fire	309500	300000	303000	300000
Shinhan Bank	6230	5800	6150	5990
SK Telecom	488000	440000	488000	436000

Singapore
Straits Times: 1148.46 Previous: 1187.74

	High	Low	Close	Prev.
City Devts	5.50	5.25	5.30	5.40
Cycle Carriage	4.96	4.90	4.96	4.98
Dairy Farm Intl *	1.09	1.07	1.07	1.09
DBS foreign	9.40	9.15	9.20	9.40
DBS Land	1.78	1.68	1.68	1.76
Fraser & Neave	5.35	5.15	5.20	5.25
HK Land *	1.34	1.32	1.32	1.34
Jard Matheson *	2.95	2.89	2.90	2.95
Jard Strategic *	2.10	2.08	2.10	2.09
Keppel Corp.	3.40	3.12	3.28	3.30
OCBC foreign	6.50	6.10	6.15	6.45
OS Union Bk F	4.82	4.40	4.48	4.76
Sing Air foreign	9.00	8.65	8.90	9.00
Sing Land	3.06	2.91	3.06	2.98
Sing Press	13.10	12.60	12.60	13.10
Sing Tech Eng	1.20	1.15	1.15	1.20
Sing Tech Ind	1.53	1.49	1.49	1.49
Sing Telecomm	2.41	2.37	2.41	2.37
Utd O'Sea Bk F	6.50	6.30	6.40	6.50

*: in U.S. dollars.

Stockholm
SX 16 index: 4243.81 Previous: 4089.47

	High	Low	Close	Prev.
AGA B	130	128.50	130	129.50
ABB A	127	124	127	123.50
ABB B	126.50	122	126.50	122.50
AssiDoman	255	242	255	247
Astra A	171.50	165	169.50	153
Astra B	166	158	164	148
Atlas Copco A	232.50	228	230	228
Electrolux B	157	152	153	153.50
Ericsson B	227	221.50	227	219
Foreningsb Spar	243.50	239	239.50	239
Hennes B	451	444	449	449
Incentive A	141	137	138	139
Investor B	460	440.50	458	433
NetCom Sys	304	296	304	293.50
Nordbanken Hdg	56	55	56	54.50
Pharm/Upjohn	335	329	334.50	325
Sandvik B	239	235	237	235
Scania B	200	197	200	196.50
SCA B	224	218	222	217
S-E Banken A	137	130	137	129
Skandia Fors	117	113.50	116	112.50
Skanska B	374	368	369	367
Stora A	149	146	146.50	148
Sv Handels A	326	321	321.50	320.50
Volvo B	248	241.50	242	245.50

Sydney
All Ordinaries: 2642.80 Previous: 2658.40

	High	Low	Close	Prev.
Amcor	6.97	6.81	6.90	6.97
ANZ Bkg	10.95	10.73	10.78	10.87
Aust. Gas Light	10.50	10.30	10.40	10.45
BHP	13.74	13.58	13.65	13.67
Boral	3.23	3.16	3.19	3.23
Brambles Ind.	32.80	32.45	32.50	32.80
CBA	18.57	18.32	18.32	18.60
CC Amatil	11.56	11.35	11.50	11.57
Coles Myer	7.04	6.92	6.95	7.02
Colonial	5.07	4.96	4.98	5.03
Comalco	5.60	5.53	5.58	5.60
CSR	4.67	4.58	4.63	4.62
Fosters Brew	3.50	3.47	3.49	3.50
Gen. Prop. Tr.	2.87	2.85	2.85	2.87
Lend Lease	33.50	33.36	33.36	33.50
Natl Aust Bank	21.92	21.77	21.79	21.88
Natl Mutual Hdg	3.59	3.47	3.50	3.59
News Corp	9.75	9.68	9.73	9.75
Pioneer Intl	4.11	4.08	4.10	4.10
Pub Broadcast	7.30	7.18	7.18	7.18
Rio Tinto	19.55	19.20	19.33	19.35
St George Bank	10.25	10.09	10.25	10.20
Southcorp	5.75	5.62	5.67	5.71
Telstra	3.75	3.69	3.70	3.73
WMC	4.91	4.89	4.89	4.90
Westfield Trust	3.37	3.33	3.34	3.36
Westpac Bking	10.08	9.75	9.79	10.05
Woodside Pet	9.01	8.80	8.87	8.89
Woolworths	5.51	5.45	5.50	5.49

Taipei
Stock Market index: 7505.58 Previous: 7433.96

	High	Low	Close	Prev.
Acer	47.80	45.30	46.10	45.20
Adv. Semi	73.00	66.50	70.00	70.00
Asustek Comp.	600.00	580.00	590.00	570.00
Cathay Life Ins.	126.00	123.00	124.00	122.50
Chang Hwa Bk	72.50	71.00	71.50	71.00
China Develpmt	85.00	82.00	83.00	82.00
China Steel	22.20	21.50	21.50	22.10
First Comm. Bk	69.50	68.00	68.50	68.00
Formosa Plastic	57.00	55.50	56.50	55.50
Hon Hai Prec.	175.00	160.00	161.00	169.00
Hua Nan Bk	70.00	69.00	69.00	69.00
Intl Comm. Bk	49.50	48.00	48.10	48.60
Nan Ya Plastics	51.00	50.00	50.50	50.00
Shin Kong Life	80.50	79.00	80.00	79.00
Taiwan Semi	111.50	106.00	109.00	105.00
Utd Micro Elec	51.00	48.60	49.70	48.40
Utd World Chin.	43.80	43.30	43.30	42.90

Tokyo
Nikkei 225: 15322.43 Previous: 15426.47

	High	Low	Close	Prev.
Acom	6060	6020	6060	6030
Advantest	8060	7900	8030	8020
Ajinomoto	1146	1132	1135	1148
All Nippon Air	496	489	489	490
Asahi Bank	548	528	535	538
Asahi Brew	1730	1716	1723	1725
Asahi Chem	473	467	470	470
Asahi Glass	731	706	708	726
Bk Tokyo Mitsu	1385	1355	1365	1395
Bridgestone	3070	3010	3030	3090
Canon	3160	3110	3150	3160
Cent. Japan Ry	5010a	4980a	5000a	5000a
Chubu Elec	2085	2075	2075	2080
Chugoku Elec	1980	1964	1980	1963
Dai Nipp Print	2240	2200	2215	2255
Dai-Ichi Kang	875	850	864	865
Daiwa House	1078	1062	1075	1060
Daiwa Sec	593	579	584	585
DDI	4210a	4100a	4180a	4050a
Denso	2300	2250	2270	2300
East Japan Ry	6520a	6470a	6480a	6540a
Eisai	1810	1785	1785	1812
Fanuc	5010	4900	4910	4800
Fuji Bank	650	602	605	650
Fuji Photo	4720	4660	4690	4680
Fuji TV Netwk	5770a	5690a	5710a	5700a
Fujitsu	1485	1466	1466	1483
Hachijuni Bk	1110	1103	1110	1122
Hitachi	900	890	895	887
Honda Motor	4730	4660	4670	4680
IBJ	836	826	830	835
Ito-Yokado	6620	6550	6570	6530
JAL	358	352	356	351
Japan Tobacco	9260a	9120a	9120a	9400a
Jusco	2535	2495	2510	2510
Kansai Elec	2320	2295	2295	2295
Kao	2040	2025	2040	2055
Kawa Steel	217	214	216	217
Keyence	15950	15850	15880	15940
Kinki Nipp Ry	668	665	666	666
Kirin Brewery	1295	1280	1290	1280
Komatsu	642	620	640	605
Kyocera	6690	6620	6680	6610
Kyushu Elec	2110	2080	2100	2080
LTCB	195	175	181	199
Marui	2105	2080	2090	2105
Matsu Comm	3710	3660	3700	3710
Matsu Elec Ind	2175	2160	2160	2145
Matsu Elec Wk	1132	1116	1116	1132
Matsu-Kotobuki	3590	3550	3550	3560
Minebea	1436	1426	1431	1441
Mitsubishi	852	827	845	820
Mitsubishi El	324	320	323	318
Mitsubishi Est	1238	1213	1213	1235
Mitsubishi Hvy	492	481	481	492
Mitsubishi Tr	1179	1160	1165	1175
Mitsui	715	705	714	706
Mitsui Marine	678	674	676	674
Mitsui Fudosn	1110	1095	1095	1100
Murata Mfg	4170	4130	4130	4110
NEC	1321	1304	1305	1320
Nichiei	9000	8900	8900	9150
Nikko Sec	552	531	549	537
Nintendo	13030	12980	13010	12730
Nipp Express	747	737	737	747
Nippon Oil	432	427	431	430
Nippon Paper	609	599	604	599
Nippon Steel	238	234	234	236
Nissan Motor	412	401	405	410
Nomura Sec	1495	1471	1471	1476
NTT	1170b	1150b	1160b	1160b
NTT Data	5180b	4970b	5010b	5130b
Oji Paper	587	576	576	582
Omron	2030	2005	2030	2030
Oriental Land	5960	5840	5960	5890
Orix	9220	9050	9080	9230
Osaka Gas	328	322	324	320
Promise	5820	5780	5800	5780
Ricoh	1489	1462	1473	1491
Rohm	14300	14300	14300	14620
Sakura Bk	419	413	418	412
Sankyo	3280	3220	3240	3250
Sanwa Bank	1195	1171	1171	1190
Sanyo Elec	407	397	404	404
Secom	8150	8010	8100	8010
Seibu Rwy	4280	4250	4260	4300
Sekisui House	1049	1015	1040	1010
Seven-Eleven	8690	8640	8650	8750
Sharp	1046	1033	1043	1041
Shin-etsu Ch	2510	2480	2480	2535
Shiseido	1625	1595	1619	1614
Shizuoka Bk	1489	1466	1489	1481
SMC	11160	11020	11050	11230
Softbank	5400	5310	5350	5300
Sony	11420	11260	11310	11150
Sony Music Ent	5640	5550	5640	5530
Sumitomo	695	682	688	704
Sumitomo Bk	1298	1273	1273	1289
Sumit Chem	385	378	378	383
Sumit Elec	1398	1371	1387	1402
Sumit Marine	765	750	755	765
Sumit Metal	218	214	214	217
Sumit Trust	735	710	711	720
Suzuki Motor	1093	1080	1090	1086
Taisho Pharm	2630	2605	2620	2620
Takeda Chem	3560	3520	3540	3500
Takefuji	6930	6870	6900	6950
TDK	10530	10440	10480	10520
Tohoku El Pwr	2050	2010	2040	1980
Tokai Bank	775	765	770	777
Tokio Marine	1343	1322	1332	1322
Tokyo El Pwr	2695	2680	2685	2725
Tokyo Electron	4300	4150	4190	4250
Tokyo Gas	307	304	307	307
Tokyu Corp.	452	450	450	451
Toppan Print	1536	1520	1521	1515
Toray Ind	693	682	683	699
Toshiba	548	537	538	546
Toyo Trust	722	705	705	730
Toyoda Loom	2415	2400	2415	2405
Toyota Motor	3410	3370	3380	3430
West Japan Ry	5080a	5000a	5010a	5100a
Yamanouchi	3040	3020	3030	3040
Yamato Transp.	1559	1505	1516	1554
Yasuda Fire	584	572	584	578

a: x 100; b: x 1,000

Toronto
TSE Industrials: 7406.67 Previous: 7405.39

Late trading

	High	Low	Close	Prev.
Abitibi Cons.	19.20	18.90	18.95	19.05
Alberta Energy	32.20	31.90	32	32.15
Alcan Alum	41.80	41.05	41.15	41.10
Ballard Pwr Sys	53.15	52.30	52.60	51.85
Bk Montreal	83.85	83¼	83.40	83.85
Bk Nova Scotia	37.85	37¼	37.30	37.70
Barrick Gold	27	26.70	26.90	27.10
BCE	66.20	65.30	66.20	65.40
BC Telecomm	54½	54.15	54½	54.15
Bombardier B	39	38¾	38.85	38.80
CIBC	50	49½	49.60	49.80
Cdn Natl Rail	82.60	80½	82.35	80.35
Cdn Nat Res	27	26.60	26.60	26½
Cdn Occid Pet	30.60	29¾	30.55	29¾
Cdn Pacific	41.70	40.90	41.10	40.90
Du Pont Cda A	44.95	44¼	44¾	44½
EdperBrascan	26.10	25.80	25.95	26.10
Fairfax Finl	550	540	546.90	540
Falconbridge	16.60	16.45	16½	16.45
Geac Computer	49	47¼	47¾	48
Imperial Oil	27.20	26.70	27.05	27.20
Inco	20.45	20.10	20.30	20¼
IPL Energy	64.90	64	64.65	64
Laidlaw	18½	17.95	18.05	18½
Magna Intl A	100.55	99.10	100.40	100.55
Newbridge Net	38.45	37	37¼	37½
Newcourt Credit	70.05	69.55	69¾	69.60
Noranda Inc	24.95	24.35	24.35	24.65
Nthern Telecom	92½	90¾	92¼	90.35
Nova	17.70	17.55	17.60	17.70
Pancdn Petlm	23½	23.10	23.10	23¾
Petro Cda	24.90	24.40	24.45	24.90
Placer Dome	17.45	17.20	17.40	17¼
Potash Sask	123	119.45	119½	120.90
Renaissance	25.40	25	25.05	24.95
Royal Bk Cda	90	89.10	89.10	90
Royal Grp Tech	41	39.90	39.90	40¼
Seagram Co	62.20	60¼	61.45	61
Shell Cda A	25.60	25	25.20	25¾
Suncor	52½	51.85	52¼	51.85
Talisman Eny	40.35	40	40.10	39.80
Teleglobe	75¼	74½	75¼	74¾
Telus	39	38.80	39	38¼
Thomson	41.40	41	41.45	41
TorDom Bank	66.30	65¼	65.95	66
Torstar	47¾	47½	47.65	47¾
Transalta	23¾	23.60	23.70	23¾
TransCda Pipe	34.20	34	34.05	34.20
Trizec Hahn	31.85	31.65	31.65	31.80
Westcoast Eny	34¼	34	34.10	34.05
Weston	53¼	52¾	52¾	53

Vienna
ATX index: 1578.23 Previous: 1576.40

	High	Low	Close	Prev.
Bank Austria	1105	1088.10	1090	1091
Boehl. Vers.	1100	1100	1100	1100
Creditanst Pfd	1480	1437	1450	1449.95
EA-Generali	4280	4222	4280	4210
Erste Bank	782	760	764	770
EVN	1946	1900	1900.15	1934.10
OMV	1854.90	1828	1849	1834
Oest Elektriz	1474	1459.50	1468	1472
VA Tech	1719	1678	1693	1698
Wienerberg Bau	3204	3100	3190	3095

Wellington
NZSE-40 index: 2135.70 Previous: 2152.84

	High	Low	Close	Prev.
Air NZealand B	2.46	2.45	2.45	2.45
Brierly Invt	0.92	0.91	0.92	0.91
Carter Holt ord	2.11	2.06	2.10	2.09
Fletch Ch Bldg	3.10	3.08	3.09	3.08
Fletch Ch Eny	5.55	5.38	5.42	5.45
Fletch Ch Paper	2.38	2.30	2.30	2.38
Indep. News	7.45	7.40	7.40	7.45
Lion Nathan	4.47	4.40	4.45	4.43
Sky Network	2.62	2.60	2.60	2.60
Telecom NZ	8.65	8.46	8.46	8.62

Zurich
SPI index: 4859.78 Previous: 4801.85

	High	Low	Close	Prev.
ABB B	2530	2486	2527	2485
ABB R	513	505	509	505
Adecco	673	651	669	659
Alusuisse R	2010	1999	2005	1999
Ares-Serono B	2390	2349	2385	2380
Baer Hdg B	4190	4150	4150	4180
Baloise Hdg R	3530	3485	3530	3490
BK Vision	389	383	388.50	379
Ciba Spec Chem	204.25	200.50	203.50	202
Clariant R	1969	1923	1958	1917
Crd Suisse Gp R	333.50	328.50	332.50	328
Ems-Chemie	8950	8850	8900	8850
Holderbank B	1945	1866	1940	1872
Liechtenst LB B	935	918	935	923
Nestle R	3215	3130	3210	3184
Novartis B	2535	2485	2520	2482
Novartis R	2520	2470	2513	2474
Oerlikn Buehr R	293	284	288	289.50
PharmVisn B	930	906	923	928
Richemont A	2100	2075	2080	2088
Rieter Hdgs	1100	1087	1093	1080
Pirelli B	374.50	363	369.50	372
Roche Hdg PC	14740	14420	14550	14595
SAir Group R	485	476	480.50	475
Saurer R	1690	1635	1655	1650
SBC R	554	544	550	538
Schindler PC	2535	2490	2529	2520
SGS B	2924	2850	2900	2834
SMH B	1280	1245	1278	1243
SMH R	263	258.50	260.50	257
Sulzer R	1290	1274	1282	1272
Sulzer Medic R	409	401.50	407.50	406
Swiss Life B	1215	1195	1212	1197
Swiss Reins R	3425	3395	3421	3391
UBS B	2574	2531	2558	2488
UBS R	515	506	511	498.50
UBS SIMA	277.50	275.50	276	277
Zurich Assur R	980	948	980	943

The Trib Index

Prices as of 3.00 P.M. New York time.

Jan. 1, 1992 = 100	Level	Change	% change	year to date % change
World Index	194.83	+2.07	+1.07	+13.20
Regional Indexes				
Asia/Pacific	82.16	−1.56	−1.86	−14.48
Europe	239.17	+2.86	+1.21	+23.90
N. America	245.35	+4.26	+1.77	+13.59
S. America	135.68	+1.58	+1.18	−11.13
Industrial Indexes				
Capital goods	238.65	+2.33	+0.99	+15.53
Consumer goods	229.94	+3.87	+1.71	+9.64
Energy	216.38	+3.23	+1.52	+10.99
Finance	141.02	+0.43	+0.31	+14.69
Miscellaneous	151.70	+1.24	+0.82	+1.21
Raw Materials	212.46	+2.23	+1.06	+27.04
Service	205.97	+2.18	+1.07	+18.16
Utilities	174.35	+0.08	+0.05	+4.48

The International Herald Tribune World Stock Index © tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

NYSE

Friday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

A-B-C

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
32½	20¾	AAR s	.34	1.3	22	417	26¼	25¹³⁄₁₆	26	-⅛
27	18½	ABM	.48	1.6	24	136	29⅛	29⅝	29¾	+⅛
27⁹⁄₁₆	18¼	ABN Am	.59e	2.4	...	389	24⅛	24	24⅛	-⅛
42½	21¾	ACE Ltd s	.36f	1.0	10	4916	37	36⅛	36⅞	+⅜
11½	10¼	ACMIn	.90a	8.3	q	703	10⅞	10⅞	10⅞	...
8⅞	7⅜	ACM Op	.63	7.8	q	108	8⅛	8	8⅛	+⅛
10⅞	9¾	ACM Sc	.90	9.5	q	2429	9⅝	9½	9⅝	-⅛
7⅝	6⅞	ACMSp	.54	8.4	q	564	6⅞	6⅝	6⅝	+⅛
15	12¾	ACMMD	1.35a	10.4	q	289	13⅛	13	13	-⅛
10⅝	9¾	ACM MI	.90a	9.1	q	310	9⅞	9⅞	9⅞	-⅛
15¼	13¼	ACMMu	.87	6.4	q	212	13⅝	13⅝	13⅝	...
29⅞	18¼	ACNiels	...	...	36	690	25¼	24½	25¼	+⅝
27½	20¾	ACX Tech	...	...	26	462	24	23⅞	23⅞	+⅛
58	34⅝	AES Cp s	...	...	41	3627	50	48⅝	50	+1⅛
85¼	58	AES pfT	2.69	3.5	...	85	76⅛	75	76	+1
69	44⅝	AFLAC	.52f	.8	20	1189	64⅝	63⅝	64⅝	-⅛
24	21⅛	ALLTEL	...	...	...	...	...	...	...	...
86⅛	23⅛	AGCO	.04	.2	8	2810	23⅞	d23¼	23⅛	-⅛
22½	17¾	AGL Res	1.08	5.4	17	538	20⅛	20	20⅛	...
15⅛	8⅛	AIM EEs	4.16e	42.7	q	596	9⅞	9½	9¾	+⅛
19⅝	7⅝	AJL	1.44	18.1	...	145	7⅞	7⅝	7⅝	...
24	16½	AK Steel s	.50	2.6	8	2375	19⅛	18½	19⅛	+1
25⅝	22¼	AMB Pr n	.48e	2.0	...	524	23⁷⁄₁₆	23⅞	23⅛	+⅛
31	20	AMF n	...	...	dd	100	25	24⅝	24⅞	+⅛
24⅝	21¾	AMLI Rs	1.76	7.7	16	346	23⅛	22⅞	23	+⅛
163	91	AMR	...	...	12	5736	155⅛	152⅛	154⅝	-⅛
58¼	42⅝	ARCOCh	2.80	5.2	47	913	53⅛	53	53⅛	+⅛
26¼	15	ARM Fn n	.16f	.7	20	517	21⅞	21⅞	21⅞	-⅛
33⅞	19	ASA Ltd	.80m	3.7	q	166	21⅝	21⅛	21⅝	-⅛
68⅛	34	AT&T	1.32	2.1	21	35804	62	60⅝	61⅝	+1
29⅞	17⅛	AVX Cp	.26f	1.4	12	338	18⅝	18⅛	18⅝	+⅛
62⅝	29⅛	AXA UAP	.76e	1.3	...	642	58⅝	58⅛	58⅝	-⅛
23⅝	9⅝	Aames	.13	.9	28	1044	14⅝	14⅛	14⅞	-⅛
24⅝	11⅛	AaronRnl	.04	.2	19	194	19⅛	18⅞	19⅛	+⅛
39¼	28½	AbtLab s	.60	1.6	27	17345	37⅛	36⅝	37⅝	+1⅛
48	16⅝	AbitFitch	...	...	56	4541	42⅞	41⅛	42⅝	+⅛
21	11½	Abitibi g	.40	...	...	2884	13⅛	12⅞	13⅛	+⅛
38⅛	21¾	AccuStf	...	...	39	7248	37	35⅛	36⅝	+⅛
8⅞	4⅝	AcmeE	...	...	22	148	4⅞	4⅝	4⅝	...
17⅛	5⅝	AcmeMt	...	...	dd	349	6⅛	6	6	-⅛
28⅝	15⅛	Acuson	...	...	26	417	19⅛	19	19⅛	+⅛
28⅜	22½	AdaEx	1.96e	7.3	q	552	26⅞	26⅛	26⅞	+⅛
49	19¾	Adminstf	...	...	85	91	41⅛	40⅛	40⅞	-⅛
23⅛	15½	AFPProv	.79e	4.5	...	91	17⅞	17⅛	17⅞	+⅛
17½	8⅛	AdvCmG n	...	...	...	211	8⅛	8⅝	8⅝	-⅛
42⅞	17½	AMD	...	...	dd	17343	18⅝	18⅛	18⅛	-⅛
33⅞	16⅛	Advest	.16	.6	15	176	26⅛	26⅛	26⅛	+⅛
30⅞	15	Advoinc	...	...	20	631	26⅛	26⅛	26⅛	+⅛
84	34	Aegon s	.90e	1.1	29	551	83⅛	81⅛	83⅛	+⅛
14⅛	3⅛	Aeroflex	...	...	23	382	11⅛	10⅞	11	-⅛
72⅛	43⅛	AeroVick	.88	1.4	14	658	61⅛	60⅛	61	+⅛

D-E-F

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
33⅛	21¼	DBT Onl s	...	...	63	199	22⅛	21½	22⅛	+⅛
1⅛	⅛	DDL Elc	...	...	...	168	⅛	⅛	⅛	+⅛
27⅛	25	DLJ Cp pf	2.11	8.2	...	86	25⅞	25⅛	25⅞	...
19⅛	15⅛	DPL s	.94	5.1	15	972	18⅛	18⅛	18⅛	...
37⅛	27⅛	DQE	1.44	4.2	13	x9793	34⅛	33⅛	34⅛	+⅛
24	9⅞	DR Horton	.09	.5	16	3090	19⅛	18⅛	19	+⅛
25	10⅛	DSP Com	...	...	32	1373	17	16⅞	16⅞	-⅛
57⅛	31⅛	DST Sys	...	...	42	215	51⅛	51⅛	51⅛	+⅛
41⅛	26½	DTE	2.06	5.1	13	1800	40⅛	40⅛	40⅛	+⅛
27⅛	13⅛	DVI Inc	...	...	21	378	20⅞	20⅛	20⅛	+⅛
104⅛	56⅛	DBenz	.90e	.9	...	7892	101⅛	101	101⅛	+1⅛
70⅛	38⅛	DainRaus	.88f	1.6	23	350	55⅛	55⅛	55⅛	+⅛

G-H-I

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
21¼	15⅛	G&L Rty	1.56	8.9	17	94	17⅛	17½	17½	...
42⅛	23	GATX s	1.00	2.5	dd	735	40⅛	39⅛	40⅛	-⅛
44⅛	32¼	GPU	2.06f	5.6	14	4126	37¼	36½	36⅝	+⅛
9⅝	4⅝	GRC Int	...	...	8	492	9¼	9	9⅛	-⅛
64⅛	40½	GTE	1.88	3.2	20	9676	59⅛	57⅛	59	+⅛

J-K-L

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
14⅛	6⅛	J&L Sp	.54 .10a	1.4	dd	468	7	6⅞	6⅞	-⅛
35	28⅛	JDN Rty	2.16f	6.7	19	157	32⅛	32	32⅛	...
18⅛	10⅛	JLG	.02	.1	22	324	17⅛	17⅛	17⅛	-⅛
39⅛	20	JLK Dir n	...	...	19	635	22⅛	21⅛	21⅛	-⅛
27⅛	22⅛	JP Rlty	1.80	7.7	15	200	23⅛	23⅛	23⅛	-⅛

M-N-O

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
10⅞	7⅛	M&F Wld	...	...	10	446	10	9⅞	9⅞	-⅛
80⅛	54⅛	MBIA s	.78f	1.0	18	1258	75	74⅛	74⅛	-⅛
38⅛	22⅛	MBNA s	.36	1.1	29	10882	33⅛	32⅛	33⅛	+⅛
40⅛	28⅛	MCN Engy	1.02	3.0	19	7842	33⅛	33⅛	33⅛	+⅛
20	8⅛	MDC	.16f	1.0	11	381	16⅛	16⅛	16⅛	-⅛
37⅛	27⅛	MDU	1.15	3.2	18	447	35⅛	35⅛	35⅛	+⅛

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
26¼	10½	Madeco	.79e	6.5	9	338	12⅛	12	12⅛	-⅛
34½	18⅛	Magellan	...	...	cc	663	26½	26⅛	26⅛	-⅛
60⅛	32	MagGp	1.12	2.0	22	337	55⅛	54⅛	55⅛	+⅛
79⅛	52½	Magnal g	1.32	...	...	4129	69⅛	67⅛	69⅛	+½
24⅛	15⅛	Magnth	...	...	16	813	16⅞	16⅞	16⅛	+⅛
33½	18⅛	MagTov n	.16p	...	...	x147	31⅛	31⅛	31½	+⅛
49⅛	21⅛	MaliWell s	...	...	...	1427	45⅛	44⅛	45⅛	+1⅛

Continued on Page 16

Kim Warns
To Dump W

High Hopes F

HIGH-TECH

هكذا من الأصل

Kim Warns Chaebol To Dump Weak Units

By Don Kirk
International Herald Tribune

SEOUL — Emboldened by the success of South Korea's governing party in local elections, President Kim Dae Jung escalated his campaign Friday to shut down money-losing companies sheltered by the country's bloated conglomerates.

"Business is for profit," Mr. Kim said. "If they are not making profits, it is meaningless." His comments were a warning that the conglomerates, known as *chaebol*, had to stop delaying and jettison scores of companies that analysts believe are weighing down the economy.

Mr. Kim talked tough about economic reform on the eve of a nine-day mission to the United States geared in large measure at American investors. He will travel with 120 South Korean business leaders and consultants who will explain Mr. Kim's efforts to revive the South Korean economy.

Shortly after he spoke, Mr. Kim overcame a major obstacle to his reforms when the Korean Confederation of Trade Unions canceled a general strike planned for next week and said it would join talks with government and business representatives on the need for layoffs and welfare benefits for the country's 1.5 million unemployed workers. The union, South Korea's second largest with about 550,000 members, staged a two-day general strike last week.

Mr. Kim's comments came as he celebrated his 100th day as president. He was clearly savoring the triumphs by his party's candidates in mayoral and gubernatorial contests in Seoul and Inchon, home of nearly half of South Korea's population.

He insisted "the government will not intervene in business" but called on banks to discipline the chaebol through their power over credit.

In a reference to the bribery that has often characterized relations between banks and companies, he warned, "We'll make sure the banks don't use funds for any specific favors." The government, analysts noted, can seek to force compliance by managing infusions of funds from the central bank, buoyed by a rescue package of nearly $60 billion in loans engineered by the International Monetary Fund last December.

"The power of the government is the power of the purse string," said Hank Morris, a prominent consultant here. "Companies can't turn to overseas markets and raise funds. They're stuck with domestic funding, and the government has the greatest say over who does what in banking decisions."

In his remarks, Mr. Kim gave his backing to a demand by a recently formed economic watchdog agency, the Financial Supervisory Commission, for the banks to include money-losing companies from among the nation's "big five" chaebol on a blacklist of companies no longer eligible for loans.

Toru Yamanaka/Agence France-Presse

TESTING TIME — An employee at a McDonald's restaurant in Tokyo on Friday checking for colon bacillus in a drink, a precaution to avoid food poisoning during the summer.

APEC Sets Telecom Trade Pact

Agence France-Presse

SINGAPORE — APEC members agreed Friday to tear down technical barriers to the multibillion-dollar trade in telecommunications equipment by mutually recognizing tests and certification of phones and other products.

Communication ministers of the 18-member Asia-Pacific Economic Cooperation forum, ending a three-day meeting, described telecommunications equipment as "a model sector" for liberalization.

The chairman of the meeting, Communications Minister Mah Bow Tan of Singapore, said the agreement, with self-imposed national deadlines, would cut red tape and slash costs for manufacturers and, eventually, consumers.

"It will be a shot in the arm for APEC trade in telecommunication products," Mr. Mah said. "I would say that all countries would benefit."

The U.S. trade representative, Charlene Barshefsky, said from Washington that the agreement, the first in any region, would affect about $45 billion in trade, one-third of the global telecommunications market.

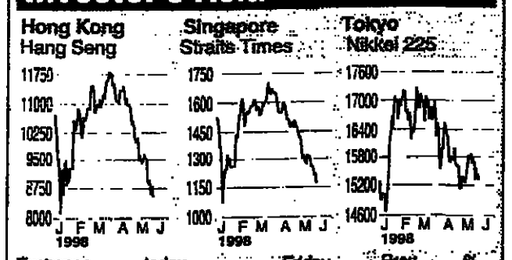
U.S. trade officials said the agreement covers all equipment subject to telecommunications regulations, including "wireline and wireless, terrestrial and satellite equipment."

Products like cellular phones will be certified in the exporting country according to the importing country's standards, eliminating the need for duplicate tests and shortening the time it takes to bring products to markets.

Sixteen of the 18 members of the forum signed up. The two countries that did not officially join the agreement, Chile and New Zealand, said their markets were already open.

The members of the forum are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the United States.

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	8,569.47	8,558.43	+0.13
Singapore	Straits Times	1,158.46	1,187.74	-1.62
Sydney	All Ordinaries	2,642.80	2,658.40	-0.59
Tokyo	Nikkei 225	15,323.43	15,426.47	-0.67
Kuala Lumpur	Composite	505.05	518.61	-2.61
Bangkok	SET	318.16	318.81	-0.20
Seoul	Composite Index	341.53	332.46	+2.73
Taipei	Stock Market Index	7,505.58	7,425.88	+1.07
Manila	PSE	1,957.76	1,953.88	+0.20
Jakarta	Composite Index	4,09.516	4,06.331	+0.78
Wellington	NZSE-40	2,135.70	2,152.04	-0.76
Bombay	Sensitive Index	3,417.89	3,546.21	-3.62

Source: Telekurs — International Herald Tribune

Very briefly:

• **China Development Corp.** plans to invest 2.186 billion Taiwan dollars ($63.8 million) in TI-Acer Inc., an unprofitable microchip maker that is a joint venture of Texas Instruments and Taiwan's leading computer maker, Acer Inc.

• **PT Telkom**, Indonesia's domestic phone monopoly, agreed to lower payments that joint-venture partners make in return for leasing parts of the company's phone network. The partners include **Nippon Telephone & Telegraph Corp.** of Japan, **France Telecom SA** and **Cable & Wireless Communications PLC** of Britain.

• **Intel Corp.** and **SAP AG** of Germany plan to set up a Japanese subsidiary of **Pandesic**, their joint venture to make software for electronic trade over the Internet.

• **The Australian dollar** fell Thursday amid concern trade will suffer as Asia's economic crisis deepens. The U.S. dollar rose to 1.6611 Australian dollars from 1.6367 dollars on Wednesday.

• **Sing Tao Holdings Ltd.** said negotiations for its chairwoman, Sally Aw, to sell her controlling stake in the newspaper publisher to **Mingly Corp.** had collapsed.

• **China** plans to bring domestic crude oil prices into line with the international market after keeping them artificially high for almost 50 years.

Bloomberg, Reuters

High Hopes Ebb for Japan's Economic Cure

By Sandra Sugawara
Washington Post Service

TOKYO — The Japanese government is preparing to pour billions of dollars into public works projects that it says will help the battered construction industry and stimulate the economy. But despite the promises of big impact, even the construction industry is not optimistic.

"We are grateful, because public works projects have been declining," said an executive at one of Japan's largest building contractors. "But even so, it won't really improve the overall prospects of the industry or of this company."

For one thing, analysts say, the stimulus measure the Japanese government is about to enact is far smaller than the one promised in April.

Other foreboding economic news is surfacing here. The government said Thursday that consumer spending was down 2.1 percent in inflation-adjusted terms in April from a year earlier. Last week, it announced that fixed investment by businesses and housing starts also fell sharply in April.

In normal times, Japan's slowdown would be mainly a domestic concern. But with a financial crisis buffeting much of East Asia, many analysts say they believe that speeding up Japan's economy and drawing in imports will be crucial to reviving the region as a whole.

Jeffrey Young, a Tokyo economist with securities firm Salomon Smith Barney, said markets had largely ignored increasing evidence that the stimulus package is going to be smaller than pledged. He has sent out a report to clients warning that the smaller size dampens hopes for an economic upturn later this year.

Plan to stimulate business is smaller than the one promised.

In April, Prime Minister Ryutaro Hashimoto announced what Japanese officials described as a record-setting $120 billion stimulus package. But the supplemental budget under consideration in Parliament — the vehicle for putting the program into effect — contains far less money, about $26 billion in public works funds and $19 billion in tax cuts, for a total of $45 billion.

Mr. Young said one reason for the discrepancy was that the package announced in April included spending that would occur in later years.

Another reason is that Mr. Hashimoto's plan included money that is supposed to come from local governments. But Mr. Young said local governments were already so saddled with deficits and debts that he doubted many would "cough up this much money."

But without more local expenditures, there will be little increase in public works spending over last year. That was because the initial budget for this fiscal year was extremely tight, so the supplemental budget that Parliament will pass this month will merely bring Japan's public works spending up to about last year's level.

An unconventional recommendation by Paul Krugman, an economics professor at the Massachusetts Institute of Technology, has attracted much attention here after appearing on his World Wide Web page (web.mit.edu/krugman/www/).

Mr. Krugman argues that Japan is in a "liquidity trap," because, although its central bank has kept interest rates very low and has increased the amount of cash in circulation, the economy has refused to expand. Mr. Krugman said this happened when people feared that the nation's productive capacity would decline. So, pessimistic about the future, they save their money.

Mr. Krugman's solution is to encourage inflation by printing lots of money. As prices rise, people will rush to spend before the next price hike, the theory goes.

He warned that although structural reform such as closing weak banks may work, it could also backfire if it results in rising unemployment and falling demand.

■ **'Big Bang' Bills Passed**

Japan's Parliament approved four financial deregulation bills on Friday, stepping up the nation's "Big Bang" program of opening financial markets to greater competition, The Associated Press reported from Tokyo. Key portions of the "Big Bang" legislation will take effect on Dec 1.

Moody's Reviews Malaysia's Credit

Bloomberg News

KUALA LUMPUR — Moody's Investors Service Inc. said Friday it was considering cutting Malaysia's credit ratings, warning that the country's economy will contract this year and cause bad loans to increase amid higher interest rates.

The U.S. ratings company placed Malaysia's A2 foreign currency rating for bonds and notes and its Baa1 rating for bank deposits on review for possible downgrade.

Any ratings cut would make it more expensive for Malaysia to raise money overseas. The Malaysian economy shrank 1.8 percent in the first quarter, its first contraction since 1985.

"A downgrade is rather inappropriate from Malaysia's point of view when it's trying to raise money," said Song Seng Wun, an economist at G.K. Goh Research Pte. in Singapore.

Stocks tumbled after the announcement. The Kuala Lumpur Composite Index dropped 2.61 percent, to 505.05 points. The country's currency, the ringgit, weakened. The dollar rose to 3.9950 ringgit from 3.9400.

Jakarta Prepares to Sell Stakes in 12 Companies

Bloomberg News

JAKARTA — Indonesia named nine investment banks Friday to manage the sale of stakes in 12 state-controlled companies, including PT Telkom and PT Indosat, in a privatization drive that could raise as much as $2.5 billion.

Goldman, Sachs & Co. and Lehman Brothers Inc., which have ties to the state-owned investment banks PT Bahana Securities and PT Danareksa, were appointed overall advisers on the sales, which bankers say could generate more than $70 million in fees.

Indonesia is looking to raise money, faced with a rupiah worth about a fifth of what it was a year ago and an economy sliding into recession for the first time in more than three decades.

"We are impressed with the speed with which the government is making its decision," said Sanjiv Misra, managing director and head of Asian equity capital markets at Salomon Smith Barney, which was named to manage the sale of a stake in PT Krakatau Steel, a steel company.

Efforts to sell state-owned companies have been scuttled in the past because of the government's refusal to give up majority control.But the state enterprises minister, Tanri Baeng, said the government realized that it could not maintain majority stakes in all cases, pointing out that many of the companies needed capital. He said Krakatau would require $1.2 billion in new capital in the next few years — cash that the government does not have.

Indonesia also promised the International Monetary Fund it would sell stakes in state companies as a condition of its $43 billion IMF-led bailout.

HIGH-TECH: *A Love Affair*

Continued from Page 11

shares began trading. But because the Belgian stock exchange puts limits on daily price swings, Kinopolis stock was not allowed to start trading until several days after the public offering.

For all the giddiness, bankers and financial analysts say the boom at least partly reflects important changes in Europe that were long overdue.

The new stock exchanges that cater to smaller and younger companies, they say, are providing a crucial source of capital that has long been present in the United States but absent in Europe.

Because small and comparatively untested companies were all but prohibited from selling their shares to the public, American-style venture capitalists were reluctant to invest because they had little way to cash out after several years. The main sources of financing were either bank loans or a company's profits — of little help to companies with novel ideas or technologies but few assets.

"As a venture capitalist, you could invest but there was no way to harvest your profit after three or five years," said Jos Peters, head of Capricorn Partners, a Belgian venture-capital firm, who helped start a European electronic-trading system for small companies called Easdaq. "You were stuck with paper value. What Easdaq has done is to close the circle so that people can attract money at a valuation that reflects the future."

Easdaq, started just two years ago, is a miniature clone of Nasdaq, the American electronic-brokerage exchange. It also embodies a traditional American approach to shareholder protection: Instead of demanding that companies reach a certain size and show a long record of sales and profits, Easdaq requires companies to adopt international accounting standards and to follow strict rules about disclosing information.

"The normal stock exchanges took the view that they had to protect the investor and that they were only for blue-chip companies," said Jacques Putzeys, the chief executive of Easdaq. "We take the view that we protect the investor against not having enough information."

For promising biotechnology and electronics companies, the new exchanges have been a godsend.

Qiagen NV, a German biotechnology company founded in 1984, had already generated a modest profit and annual sales of about $30 million when it wanted to go public several years ago. But because German financial institutions had little familiarity with biotechnology, the founders turned to the United States and went public on Nasdaq.

"At the time, you couldn't sell most of the young biotech companies here," said Peer Schatz, Qiagen's chief financial officer.

"There were virtually no comparable biotech companies listed in Frankfurt. There were no analysts who specialized in the field. And there were no banks to support us. The U.S. markets were much more open."

Last fall, Qiagen returned with a second stock offering in Germany that raised $47 million. "The change is really dramatic," said Metin Colpan, Qiagen's chief executive. "Everyone is now talking about stocks."

But many analysts say the speculative euphoria could be reaching the levels that typically mark an overheated market that is poised for a downturn.

"German retail investors generally have no idea what kind of company they have bought," said Pierre Drach, president of Independent Research, an investment research company in Frankfurt.

"Institutions are the main holders of the initial public offering, but then come the retail clients who buy for three times or four times as much."

STOCKS: *Investors Defy Forecasts of Trouble*

Continued from Page 11

that was still more than double its $38.25 price just six months ago. Sure, International Business Machines Corp., which rose $2.18 Thursday, to $116.06, was down 7.5 percent from its May 14 high, but it was up 21 percent since March.

On Thursday, the S&P High Technology Composite was 23 percent higher than it was in December. In late trading Friday, the index was at 826.86, up 2.87 points.

These stocks might indeed be cheap if one could be certain that any bad news about their industry or their businesses was already reflected in their prices. But given how glacially analysts respond to bad news, this is highly unlikely.

Wall Street analysts accentuate the positive, and they are not disappointing us now. Earnings at technology companies, these optimists believe, will rebound nicely in the third and fourth quarters.

Consensus expectations for third-quarter earnings on First Call's composite of technology companies are for an increase of 21 percent. The herd thinks fourth-quarter earnings will rise 15 percent.

The only trouble with buying this argument is that analysts' opinions, not completely reliable in good times, are exceedingly untrustworthy in bad times.

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NASDAQ

Friday's 4 P.M.

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.

The Associated Press.

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NYSE

Friday's 4 P.M. Close

(Continued)

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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021 BANQUE SCS ALLIANCE

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023 BARING INTL FD MANGRS (IRELAND) LTD (NON SIB RECOGNIZED)

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282 BEC UNIVERSAL FUND

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247 BRUNSWICK CAPITAL MNGT (CAY) LTD

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032 CAPITAL INTERNATIONAL

033 CAPITAL INVESTMENT GROUP PLC

034 CDC INTERNATIONAL

285 CHILTON

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038 CITIBANK GLOBAL ASSET MGT (ASIA) Ltd

242 CITISELECT PORTFOLIOS

039 CITITRUST

217 COLBERT SECURITIES ASSET MNGT LTD

040 COMGEST

020 CREDIT AGRICOLE INDOSUEZ LUX

INDOCAM ASIA

044 CREDIT COMMERCIAL DE FRANCE

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TECHNOLOGY PORTFOLIO

US SMALL CAP PORTFOLIO

VISIONARY PORTFOLIO

WORLD NATURAL RESOURCES PTFL

DRAGON PORTFOLIO

115 MERRILL LYNCH GLOBAL CURRENCY BOND SERIES

ADJUSTABLE RATE SECURITIES PTFL

ASIA TIGER BOND PORTFOLIO

AUSTRALIAN DOLLAR PORTFOLIO

CANADIAN DOLLAR PORTFOLIO

CORPORATE HIGH INCOME PTFL

DEUTSCHE MARK PORTFOLIO

EUROPEAN BOND PORTFOLIO (DM)

EUROPEAN BOND PORTFOLIO (US$)

POUND STERLING PORTFOLIO

CORPORATE INVESTMENT GRADE PTFL

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Herald INTERNATIONAL Tribune

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High Yields Come To Those Who Wait

In Government Bonds, Long View Pays Off

By Aline Sullivan

YIELDS AIN'T what they used to be, in the words of one professional investor. Others agree that procuring high yields in today's government bond markets is not for the faint-hearted.

"There are no decent yields now without considerable risks," said Kit Juckes, currency and bond strategist at NatWest Global Financial Markets in London.

But for investors with more than a one-year view, some risks appear worth taking.

"The lesson we learned from European convergence was to keep an eye on the long game," Mr. Juckes said. "Look at Italy. The same scenario is repeating now in Poland and some of the other emerging European markets."

Poland, like Italy three years ago, has a relatively cheap currency despite an economy that is improving rapidly as its government scrambles to meet the economic criteria of European monetary union. The yield three years ago on Italian government bonds was more than 12 percent, or 650 basis points above comparable German debt. Cuts in spending and debt as the price of joining the exchange-rate mechanism, which ties European currencies together, has since forced that premium to narrow to less than 26 basis points.

The possibility of history repeating itself has not gone unnoticed: Poland is to join NATO next year and hopes to enter the European Union in 2002 or 2003. Demand for Polish debt sold at the government's auction Wednesday exceeded the 1.5 billion zloty ($429 million) offering by more than four times.

Analysts consider Poland the most attractive of the East European markets, which have been tainted in recent weeks by their proximity to Russia's giant, stumbling economy.

But Russia, even more than its neighbors, has been too maligned, said Desmond Lochman, head of emerging-market economic research at Smith Barney in New York.

"There is plenty of value to be had if you take the long-term view," he said. "Russian bonds are yielding 800 basis points over U.S. Treasuries. There is risk and there certainly will be more volatility. But the probability that Russia will default on its debt has been overstated."

A sign of growing confidence is that Russia's stratospheric debt yields, while still high even by emerging-market standards, are coming down. On Wednesday, the government sold 4.12 billion rubles ($668 million) from an offered 9 billion rubles of 343-day Treasury bills at an average annual yield of 54.02 percent, well below the 74 percent-plus yields seen at the beginning of the week.

It also raised 522.9 million rubles in one-week Treasury bills out of 2.5 billion rubles offered at a yield of 39.93 percent, down from 47.95 percent the day before the offer. It sold 5.823 billion rubles of 126-day bills from 5 billion offered at a yield of 54.28 percent, down from 65.45 percent.

Also attractive in the Europe is Greece, where five-year bonds are yielding about 300 basis points over Bunds, despite the drachma's entry into the exchange rate mechanism in March. This week, Prime Minister Costas Simitis reiterated his commitment to economic and monetary union, but warned Parliament that this goal would not be achieved without reforming the economy to make it more competitive.

Investors have been flocking to Israel, where speculation that inflation will not rise above 3.5 percent in the next 12 months has helped push up yields on the long Gilon unlinked bonds to more than 12 percent and on the long Shahar unlinked bonds to more than 10 percent.

But William Lloyd, head of market strategy at BZW Securities Inc. in New York, prefers the Western hemisphere.

"Russia may have the highest yields now in dollar- denominated paper, but investing there is a very speculative play," he said. "There are better ways to pick up higher yields, such as in Mexico, which is yielding 330 basis points over U.S. Treasuries, and in Brazil, which is yielding 550 basis points higher. Brazil is far more likely to make it than Russia."

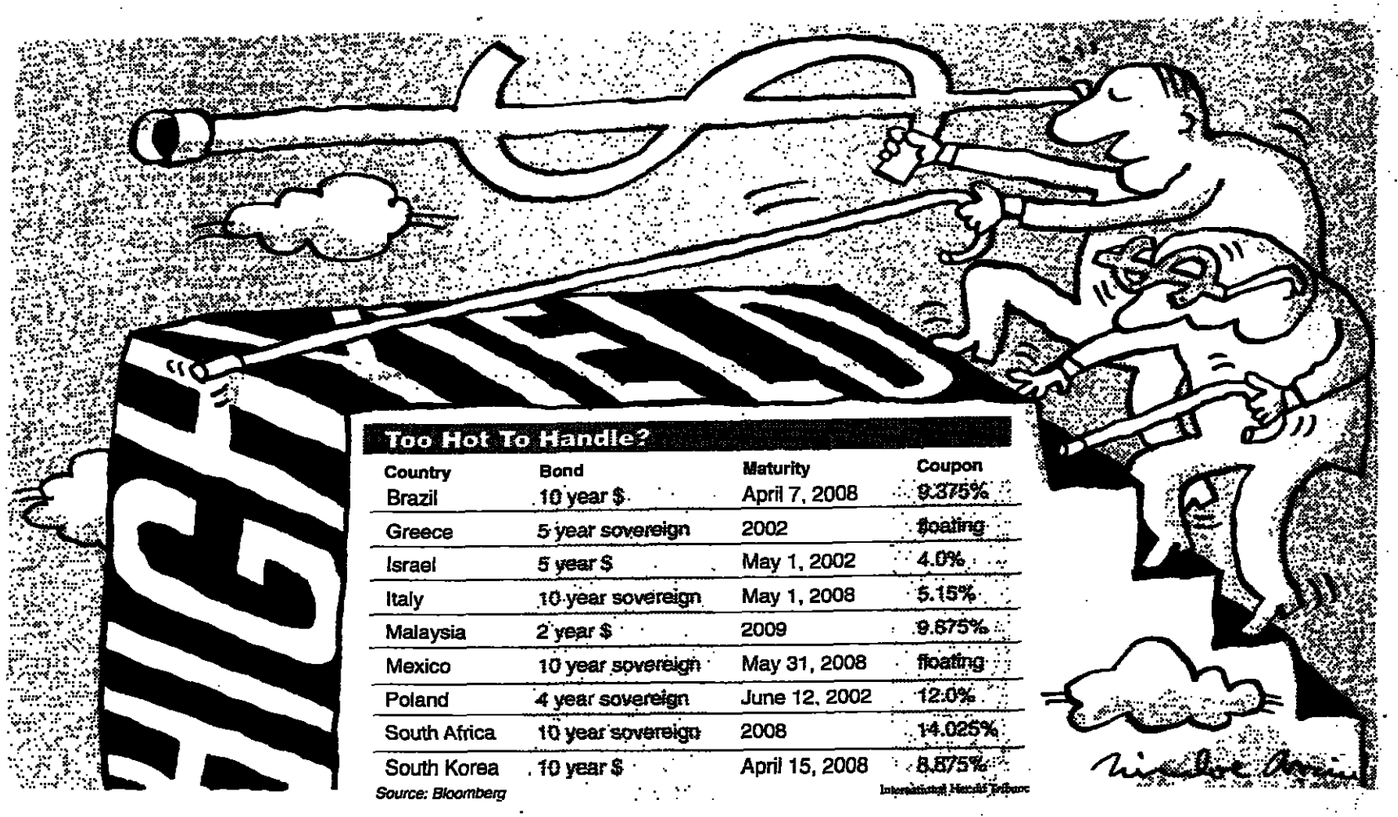
No one is expecting an easy ride in Brazil, however, where economists have been reassessing forecasts of an easy re-election for President Fernando Henrique Cardoso. Polls show that the leftist candidate Luiz Inacio da Silva is gaining.

More risky still is South Africa, where the sizzling bond market may be about to fizzle, some analysts warned. Yields of about 13 percent on the benchmark 150-rand bond due 2005 may no longer justify the rising risk of capital flight as the country's foreign-reserve base narrows. The central bank was forced last week to raise interest rates to halt a run on the rand.

Investors who can stomach the risk might consider the super-high-yielding U.S. dollar-denominated benchmark bonds issued by Malaysia, the Philippines, South Korea, Thailand and, for the truly courageous, Indonesia.

Neil Ellerbeck, senior fixed-income portfolio manager at London's Chase Asset Management, prefers to play it safe.

"We have some exposure to New Zealand because of its high yields, but mostly we are overweighting European bonds," he said. "The yields certainly aren't high, but they have more to offer than U.S. Treasuries, which offer nothing more than fair value, and a lot more than Japanese bonds, which may soon yield less than 1 percent."



Too Hot To Handle?

Country	Bond	Maturity	Coupon
Brazil	10 year $	April 7, 2008	9.375%
Greece	5 year sovereign	2002	floating
Israel	5 year $	May 1, 2002	4.0%
Italy	10 year sovereign	May 1, 2008	5.15%
Malaysia	2 year $	2009	9.875%
Mexico	10 year sovereign	May 31, 2008	floating
Poland	4 year sovereign	June 12, 2002	12.0%
South Africa	10 year sovereign	2008	14.025%
South Korea	10 year $	April 15, 2008	8.875%

Source: Bloomberg

International Herald Tribune

The Case for Sticking With Stocks

WHY BUY BONDS? Everyone knows that in many countries bonds underperform stocks over the long term. But conventional wisdom has it that as investors age, they should sell stocks and buy bonds for income and security.

That may not be such a great idea, however. Older investors may not expect to live for long, but his or her investments may still have a long-term mission, said Charles Ellis, a partner at Greenwich Associates in Connecticut and author of the book, "Winning the Loser's Game: Timeless Strategies for Successful Investing."

"There may be no reason to limit the time horizon of the investments to the owner's lifetime when the owners' true objective — providing for children, spouse or alma mater — have a much longer-term horizon," he said.

Moreover, every dollar of extra income from bonds costs about $1.50 in opportunity costs from not investing as much in long-term equity investments, Mr. Ellis said.

"This may be a heavy price to pay for the apparent conservatism of shifting assets into higher-yielding defensive investments such as bonds and income stocks. Worse still, the investor becomes "a stationary target for inflation."

High inflation may be only a dim memory for many of today's investors, but its potential to savagely undermine the value of fixed-income assets such as bonds should never be forgotten, he said. Indeed, inflation in the United States was so high in the 1970s that investors there fared worse in that decade than in the Depression years of the 1930s.

"Inflation is the ruthless, unrelenting destroyer of your capital," Mr. Ellis warned. "To purchase an item costing $100 in 1960 would have cost $500 in 1995. In other words, during just one generation, inflation reduced the value of each dollar by a withering 80 percent."

Obviously, these are not the primary concerns of those approaching or already living in a retirement financed on a shoestring. For these investors, bonds probably do provide the best shelter from the wild swings of the equity markets.

— ALINE SULLIVAN

Emerging Debt Funds: Plays for the Truly Brave

Volatility Tempers the Lure of Rich Returns

By Judith Rehak

STANDARD ADVICE for investors tempted by the fat, double-digit returns of emerging-market debt funds has long been to proceed only if accompanied by a strong stomach, nerves of steel and a long-term view.

Such recommendations are especially timely right now. Hit by the Asian financial crisis and Russia's struggle to save the ruble from collapse, these volatile funds, which specialize in below-investment-grade debt ranging from Russian government issues to Bulgarian Brady bonds and Turkish short-term paper, have been mired in low single digits.

But their history is one of spectacular upswings that have far outstripped any downturn.

Over the past five years to the end of last month, the emerging-market debt fund sector has been the star of the fixed-income universe, appreciating 104.74 percent compared to 62.35 percent for the next-best performing group, U.S. high-yield bonds, according to Micropal, the fund-data group.

To be sure, these funds are hunkered down right now. But strategies differ widely, depending on how defensive and opportunistic their managers are.

Abigail McKenna, a co-manager of the Morgan Stanley Emerging Markets Debt Fund, which returned a hefty 21.7 percent last year, said the fund had only a small holding in Asia.

Because of concerns over falling world oil prices, the managers have also cut back their stakes in Venezuela and Ecuador, whose fragile economies depend heavily on oil revenues.

Nevertheless, like many of its peers, the Morgan Stanley fund's largest chunk, 65 percent, remains in Latin America, where there is a wider choice of debt instruments, and partial shelter from the tumultuous markets of Asia and Russia. A top pick is Mexico, where it has a hefty 16 percent.

"It's less dependent on oil, and the underlying momentum of the economy is good, so we've bought there," Ms. McKenna said.

The fund had retreated from Russia as its political and economic problems worsened. But in the best tradition of emerging-market investors, when the government recently issued dollar-denominated debt at a whopping 8.5 percent more than a comparable U.S. Treasury bill, the opportunity was too good to pass up.

"At those levels, they're pricing in disaster-like scenarios," said Ms. McKenna, adding that the fund's managers concluded that Russia would be bailed out by the International Monetary Fund — a bet that may yet prove to be correct, now that President Bill Clinton has endorsed the concept of new international financial support for Russia.

Simon Romijn, manager of the $78 million ING International Emerging Debt Fund, also has a 60 percent stake in Latin America. But he has reshuffled his holdings, moving money out of Brazil, where he thinks the currency looks vulnerable.

Like Ms. McKenna, he considers Mexico to be more stable and more defensive. About half his 20 percent stake there is in Brady bonds, the high-yielding, restructured dollar-denominated debt that is a staple of emerging-market bond portfolios.

Although Mr. Romijn had almost no investments in Asia when its markets fell apart, he recently jumped back in, participating in a South Korean government dollar issue priced at 4 percent over comparable U.S. Treasury bills.

Continued on Page 19

Q & A / *Charles Koppelman, CAK Universal Credit Corp.*

Seeing Stardust Securities in Entertainment Income

IF CHARLES KOPPELMAN, former chairman of EMI Records Group North America, has anything to do with it, last year's issue of "Bowie bonds" — based on future royalty payments against the singer David Bowie's catalogue of approximately 100 songs — will be the first in a long line of bond offerings tied to famous faces in the entertainment industry. Mr. Koppelman's new company, CAK Universal Credit Corp., aims to package and market the income flow from other proven entertainment assets. He talked with Barbara Wall about his plans for the company and the market for these offerings.

Q. How did you come up with the idea for CAK Universal Credit Corp.?

A. As part of my work in music publishing, I have given lectures to senior figures in banking and finance about the intrinsic value of music publishing rights. I became aware of the possibility of securitizing intellectual property some time ago, but the Bowie bonds probably tweaked my interest.

Once I was free to pursue this interest, I went on a fact-finding mission. I met with banks and securities firms to gauge their reaction to my plans and to find out if there was a plentiful supply of funds for this type of product.

The feedback was tremendous. All the financial institutions that I approached recognized the secure nature of intellectual-property income streams and had wanted to get involved in this area for some time.

The problem was that no one on Wall Street knew how to originate the business and few people felt comfortable putting a value on intellectual property. It was in these two areas that my 35 years' experience in the music business could be put to use. I like to think of my association with the banking and investment industries as a marriage between Wall Street and Tin Pan Alley.

Once I had researched the market, all that remained was to choose a partner. Prudential Securities expressed an interest and the partnership was born. Prudential has a minority stake in the company.

•

Q. What plans do you have for CAK Universal Credit Corp.? Are there any bond offerings in the pipeline?

A. The company was incorporated in February 1997 and its role is to lend money against intellectual-property income streams, as opposed to simply securitizing entertainment assets.

The company has organized several loans already. One is with a medium-sized record company and another is with a well-known songwriter.

In about 90 days, I will probably parcel together a bunch of loans and securitize them. However, this will be a function of the company and not the artists concerned. I expect the initial offering will be in excess of $100,000. This will be followed by many more securitizations. Ideally, I would like to do about one a month for the foreseeable future.

There are other companies working on securitizing the income stream from intellectual property, but I want to be responsible for at least 80 percent of all such securitizations. I am basically interested in any asset that has a proven income stream. We could be looking at lending to the owners of football teams and football stadiums, film directors, scriptwriters and novelists.

Q. How difficult is it to ascertain the value of intellectual property?

A. Past events generally predict the future. If you have a portfolio of songs with a five-year history, and these songs have been performed by different artists all over the globe, the songs stand on their own. The popularity of the songs is not affected by the conduct or longevity of the songwriter. Similarly, if the di-

Mr. Koppelman: 'Between a gas-company bond and a Beatles bond, I know which one I would go for.'

Continued on Page 19

The Strategy of an Optimistic Value-Hunter: Buy Low and Wait (and Wait)

SAY IT isn't so, Marty! That was my reaction when, scanning the pages of the Value Line Mutual Fund Survey a few months ago, I came across the shocking news that Martin Whitman — founder, manager and chief executive of Third Avenue Value, one of America's best-performing mutual funds and an icon to buy-and-hold value-hunters around the globe — had moved 45 percent of his assets out of stocks and into cash and short-term U.S. Treasury bonds.

Had Marty become a market-timer? Was he trying to guess where stocks would head in the short-term rather than buying great companies at low prices and keeping them forever?

"No!" he said. Of course, he wasn't timing the market. He wasn't even selling stocks. He was building up the cash that was flowing into his fund from new investors and from buyouts of companies he owned to use it for a typically Whitmanesque purchase: Japanese banks.

Now, there's a contrarian investment. The Japanese banking system is a sordid mess, burdened with bad loans and bad managements that don't know how bad they are. Mr. Whitman thinks he can buy into these banks cheaply.

In the first three months of this year, Mr. Whitman took tiny positions (totaling $6 million, or 0.4 percent of his fund's assets) in Chuo Trust & Banking Co., Sakura Bank Ltd. and Long-Term Credit Bank of Japan Ltd. These banks have had severe problems and their prices reflect that fact. Long-Term Credit, for instance, is down 52 percent in the past 12 months, and just last week the bank sued a magazine for writing that it would collapse without help from Japan's central bank.

In the short term, the returns of Mr. Whitman's fund are suffering, mainly because cash only returns 5 percent while the stock market has been returning 25 percent-plus. Third Avenue is up a mere 15 percent in the past year and its three-year average return has fallen to 21 percent, compared with 30 percent for the S&P.

But investing with Mr. Whitman is a long-term proposition. He is willing to wait and wait, and so should you. Over the past four years, his fund's average turnover has been just 6 percent annually, meaning that he holds the typical stock for 16 years; that compares with just 15 months for the average fund.

JAMES GLASSMAN *ON INVESTING*

Despite what appear to be wild investments, Mr. Whitman's risk ratings are extremely low. The reason is simple. Mr. Whitman, following the admonition of Benjamin Graham, looks for a "margin of safety" when he buys. In other words, he loves cheap stocks.

"Unfortunately," he recently wrote to shareholders, "there are no guarantees, and there may not even be accurate guesses." In such a world, the best approach is to buy low, so the downside risk is limited.

His largest holding is Tejon Ranch Co., which owns 270,000 acres (109,000 hectares) of valuable land near Los Angeles. Third Avenue, along with other Whitman institutions, owns more than one-quarter of Tejon, which has returned 53 percent in the past year.

Tejon is a special situation. He got the stock at a good price when Times Mirror Co. decided to unload it.

Mr. Whitman generally searches for values within industries that are flat on their backs and holds them as they recover. One sector that interests him now is semiconductor equipment. He owns shares of 11 such companies, headed by FSI International Inc., Electro Scientific Industries Inc. and Silicon Valley Group Inc. Each is down at least 50 percent from its high last autumn, but each, Mr. Whitman says, has an excellent balance sheet and a bargain price.

Another depressed sector is petroleum service, battered as the price of oil has dropped. Third Avenue recently bought shares of Nabors Industries Inc., a contract driller for oil and gas, for $21 — a purchase that especially pleased Mr. Whitman, since he founded the company in 1989 and sold out at $46. Nabors trades at a P/E of 16.

But many of Mr. Whitman's biggest plays have been in Japan, where he became enamored of "non-life" insurance companies, which hold huge assets but trade at low prices. In fact, Tokio Marine & Fire Insurance Co., which trades as an American depositary receipt on the New York Stock Exchange, is Third Avenue's single largest holding after Tejon.

While Mr. Whitman has been buying more of these non-life stocks as they have fallen, he has become frustrated with the folks who run the companies.

"These managements," he recently wrote to shareholders, "seem to be strictly operations-oriented, virtually oblivious to the terrific liquid resources they hold as the only capital-rich financial institutions in an economy where all other financial institutions seem to be capital-short."

If the managements were great, then the price of the non-life stocks would be too high to buy. Value investors have to be optimists, believing it will all work out in the end, even if they don't know how.

"Our basic premise in Japan," Mr. Whitman said, "is that it is a politically stable industrial democracy. We better be right about that."

Washington Post Service

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THE MONEY REPORT

Bullish on Bonds: A Long, Global View of Falling Inflation and Yields

THE BANK CREDIT ANALYST investment and business forecast indicates that bonds will be favored over stocks in the next 12 months. Ann Brocklehurst spoke with Anthony Boeckh, editor-in-chief of the Montreal-based publication, about why he is so bullish on bonds.

Q. You are recommending above-average positions in U.S. Treasury bonds on a six- to 12-month view because you expect yields to drop to new cyclical lows. Could you summarize the factors behind your predictions of falling yields?

A. The overriding fundamental case for bonds is continuing global deflation, which seems to be intensifying again. Even though the U.S. economy is pretty strong and there have been concerns about whether the Federal Reserve Board should tighten up and whether there might be some potential inflationary threat down the road, because wages are going up a bit, the reality is that inflation is dropping all over the world. Asia's imploding again. Japan's recession may last for another couple of years.

There are horrendous banking problems in Asia, Japan, Eastern Europe, Russia. And on top of it all, bonds are a pretty good value, compared to virtually any other asset class around. The U.S. dollar is strong, so the U.S. is considered to be a safe haven for the world's savings.

Q. Aside from the United States, where else are bonds a good buy?

A. Europe, but European bond yields are lower than U.S. bond yields.

While we believe that the euro is likely to be a strong currency, I think there's going to be uncertainty about monetary policy during the initial phase-in period, which lasts for eight years. There's been the recent example of the French government throwing a spanner in the works by insisting that the governor of the Bank of France, Jean-Claude Trichet, split the term with Wim Duisenberg, governor of the Dutch central bank. The bottom-line message is that politics are still very important in monetary policy in Europe and that scares a lot of people.

Q. Do you like European bonds?

A. European bonds are good. Inflation is low and falling. In most areas there's going to be a natural tendency for the new European central bank and the existing central banks of Europe to be tough on inflation to establish credibility.

Q. In terms of immediate bond investment prospects in the United States, are you still concerned about the possibility that interest rates will rise in the short term?

A. A couple of months ago, when it looked like the Asian crisis might have stabilized for a while and the numbers on the U.S. economy were still pretty strong,

Q & A/ *Anthony Boeckh, Bank Credit Analyst*

we were a little concerned that the Federal Reserve had a bias toward tightening, particularly with the stock market so strong.

But in recent weeks, it's become pretty clear that Asia's going into round two of the financial crisis. The dollar's been very strong against the Japanese yen. The stock market looks like it's stalled out in the U.S., maybe heading for a correction. And the Federal Reserve clearly has put any tightening on hold.

Finally, the U.S. economy, as evidenced by the most recent data, looks like it's slowing down, particularly in the manufacturing sector. So put all that together and it appears that the likelihood of any short-term temporary kick-up in interest rates is unlikely and if anything happens, it's going to be very mild. People really should focus on long-term trends — six months to a couple of years and possibly longer — which means downward in terms of yield.

Q. What should investors look for in a bond fund?

A. There are different qualities of funds, the highest being U.S. government bonds and sovereign European bonds. Then there are high-quality corporates down to so-called high-yield junk bonds, which have been the best performers for a number of years, because, with the pretty strong world economy, credit-quality fears have dissipated. So the quality spreads narrowed in, which gave high-yield bonds an added advantage, but there's now a lot more risk in those bonds because the spread has narrowed so much. And if the world economy is going to weaken over the next year or two, countries' and companies' credit risk is increasingly going to become a factor. So we think the best performing bonds, risk-adjusted, are going to be at the high-quality end.

Q. Along with recommending bonds, your latest issues make the point that even though you now consider the stock market high-risk, there may still be quite a bit of potential for gain.

A. The stock market is a great paradox right now. On the positive side, we've got very good fundamentals in the U.S. The economy is robust. Productivity is rising strongly. Real personal income is rising very strongly. So far, the U.S. economy's even been a big beneficiary of the collapse in Asia.

Money and credit fundamentals, which we think are very important in driving stock prices, are also still pretty positive. Liquidity indicators are still bullish. Technical indicators are still bullish, even though they're weakening a bit. The dollar's strong. Inflation is low and falling. There's no monetary squeeze on the horizon, all of which would suggest pretty clear sailing.

But on the negative side, there's a profit squeeze developing in the U.S. because you have wages going up and the corporations have no pricing power. And then overriding everything are the valuations. They are probably the

Mr. Boeckh: For best returns, take a walk on the high-quality side.

highest, the most overvalued, since recorded history, but part of the reason they're so overvalued is because the fundamentals have been so good.

Q. So, what's an investor to do, sell stocks and buy bonds?

A. I wouldn't say get rid of your stocks, but put your emphasis on bonds and make sure you own high-quality stocks that are not caught up in this speculative frenzy.

Prime-Rate Funds as the Middle Way

By Barbara Wall

PRIME-RATE FUNDS plow a middle course between high-yielding junk-bond funds and conservative money-market funds. But when interest rates look set to rise, these niche investment products could have the edge.

Investing in floating-rate corporate loans, prime-rate funds avoid the interest-rate volatility of conventional bond funds, while yielding 6 to 9 percent.

Prime-rate funds are complex. They invest in loans that have been made by large commercial banks and insurance companies to companies that sometimes have outstanding securities rated below investment grade. These loans are not public, they do not trade on any exchange and are seldom rated by outside agencies. The high credit risk involved in these transactions gives the funds their attractive yields, but the funds can be hurt by defaults.

"Most prime-rate funds invest in senior secured loans, which can provide some protection against defaults," said Eric Jacobson, bond funds editor for Morningstar Mutual Funds directory in Chicago. "As senior secured loans rank high in a company's capital structure, they are in a relatively strong position if a firm becomes distressed, or goes into bankruptcy. The rate at which creditors get paid back in the wake of defaults on such loans therefore tends to be much higher than in the junk-bond market."

Credit risk is still an issue. Michael Lipper of Lipper Analytical Services Inc. in New York said that if interest rates were to rise sharply and stay high, many of these loans could be in default. However, he added, "This is purely conjecture, as there is no historical evidence to show that any of these loans have gone bad."

But there are other pitfalls. Most of the prime-rate funds only permit redemptions every quarter, which means investors have long periods during which their investments are completely illiquid. The newest fund in the sector — Cypresstree Senior Floating-Rate — is one of the few exceptions and allows redemptions every month.

A less troubling inconvenience, perhaps, but one that should not be ignored is the high expense ratios charged by prime-rate funds. The expense ratio average of these funds is 1.42, compared to 1.36 for high-yielding junk-bond funds.

"It makes sense that funds with a need for such intense credit research might have to charge a little more," Mr. Jacobson said. "But even so, their expense ratios seem extremely bloated, especially when compared to high-yielding junk-bond funds, which are significantly smaller in size."

The appeal of prime-rate funds is the way they react to interest-rate movements.

"Fixed-rate bonds lose value when interest rates rise," Mr. Jacobson said, "but floating-rate loans have a relatively stable net-asset value because of their ability to adjust interest payments over time with changes in prevailing interest rates. Also, income levels increase quickly on these loans when rates go up, whereas income levels on fixed-rate bonds stay the same."

Steve Miller, director of Portfolio Management Data Inc. in New York, said prime-rate funds were likely to appeal to relatively conservative investors. "If you want to hedge against a hike in rates," he said, "or simply want more yield than Treasury bills can provide and are reluctant to take on the risks of junk bonds, prime-rate funds could be the answer."

Some prime-rate funds recommended by the analysts interviewed for this article:

- PILGRIM AMERICA PRIME-RATE has returned at least 8 percent a year for the past five years, and in the 12 months through April 30 the fund returned 8.71 percent, whereas the average return for bond funds over this period was 7.39 percent. Pilgrim America Investments. Telephone: 1 800 334 3444
- CYPRESSTREE SENIOR FLOATING-RATE. Cypresstree Asset Management Inc. Telephone: 1 617 946 0600
- EATON VANCE CLASSIC SENIOR FLOATING-RATE. EATON VANCE ADV. SENIOR FLOATING-RATE. EATON VANCE PRIME-RATE. Eaton Vance Management Inc. Telephone: 1 800 225 6265
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BRIEFCASE

S&P 500: Port in a Storm Or Global Bellwether?

One of the rationalizations for putting money into American blue-chip stocks is that they represent a haven from international turbulence, which has lately been in Asia. A study by Morgan Stanley, Dean Witter & Co. suggests that this may be an ill-conceived strategy.

Among the component companies of the Standard & Poor's 500-stock index that Morgan Stanley tracks, which account for more than three-fourths of the index's capitalization, 23.5 percent of the revenue of these titans of U.S. industry was derived outside of North America.

"Investors may still be leery of investing in foreign markets, and many have sought the apparent safe haven of the S&P 500," said Deborah Weinswig, author of the study. "However, our work suggests that the index is a diversified global portfolio."

The biggest exposure of companies in the index is to Europe, with 13 percent of sales generated there; 7 percent come from Asia and 3 percent from Latin America.

Industries with the most foreign exposure include technology, with 43.2 percent of revenues; chemicals, 43 percent; consumer goods, 40.7 percent; capital goods, 38.7 percent, and energy, 35.7 percent.

Industries that are largely domestic include retailing and utilities, which is no surprise, and media and entertainment, which is somewhat surprising given the apparent ubiquity of American popular culture. *(IHT)*

Japan Hedge Fund Woos Investors and Partners

When IBJ Securities Co., an affiliate of Industrial Bank of Japan, and Parker Global Strategies LLC unveiled a hedge-fund investment targeted at Japanese retail customers in March, the result was overwhelming: a stream of customer inquiries and a deluge of proposals from would-be partners.

It is not difficult to see why. By linking with Parker, IBJ Securities was able to gain access to some top-performing financial products for yield-hungry Japanese investors, who are stuck with interest rates as low as 0.2 percent a year. Parker Global, an American fund manager, had a shot at raising money in a largely untapped foreign market.

Western fund managers "come to us almost every day," said Nobuaki Yoshimura, senior manager of the products origination department at IBJ Securities. He believes the Japanese brokerage has a unique technological advantage in designing cross-border retail deals, bringing products from independent fund mangers abroad to individual Japanese investors.

Called Protection II, the dollar-based hedge fund investment trust aims to deliver annual returns of more than 10 percent to investors, who will enjoy guarantee on the principal and a minimum annual return of 2 percent before the fund matures in three years. Three-fourths of the funds are allocated to hedge-fund managers; the rest is farmed out to commodity trading advisers for managed futures.

IBJ Securities sold $366 million worth of the investment trust through its affiliate retail brokerage companies, New Japan Securities and Cosmo Securities. New funds with different partners are in the works, Mr. Yoshimura said.

Sparx Asset Management Co., an independent Japanese asset manager, has created Sparx Securities Co. to sell Bermuda-domiciled funds that invest in high-performing U.S. and European hedge funds. The funds will be open only to Japanese investors. *(IHT)*

- PARKER GLOBAL STRATEGIES. Telephone: 1 203 358 4000.

High Risks of Emerging-Market Debt Funds

Continued from Page 18

He also dabbles occasionally in a strategy favored by many emerging-debt players — buying deeply discounted, nonperforming debt from developing countries. For example, he has a tiny position in nonperforming Liberian debt.

The expectation is that these countries will eventually put their financial houses in order and restructure the loans so as to repay them, causing their prices to rise for a capital gain.

"We did that for the Ivory Coast, and one morning we woke up to hear that they had announced they would restructure," Mr. Romijn said. "The price doubled in a couple of weeks."

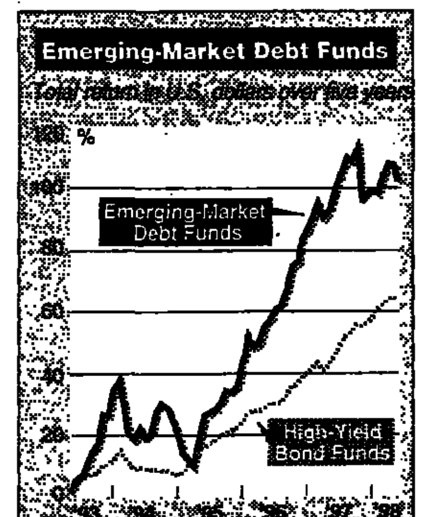
While this may sound daring, his fund, which returned 13.7 percent last year, is relatively conservative. Its turnover is about 200 percent a year, low compared to that of some of his peers, which run twice that.

Nor does he buy high-yielding local currency debt, a way of boosting the income of these funds.

An example of more aggressive tactics are those followed by the top-performing ANZ Emerging Markets Liquid Portfolio, which has soared 220 percent since its debut five and a half years ago.

"We like to be first in new markets," said Julian Adams, the fund's London-based manager, who bought Russian government debt between the country's two presidential elections in July 1996, when political uncertainty sent yields rocketing to 100 percent.

One of his nonperforming debt favorites is Cuba's sovereign paper, purchased for 20 cents on the dollar. He is counting on tourism to boost the struggling Cuban economy, and a possible thaw in Cuban-American relations.



Source: Standard & Poor's Micropal IHT

In sharp contrast to his peers, Mr. Adams is also enthusiastic about Asia.

"Before, we were in Vietnam and North Korea for a capital-gains play," he said. "Now, all of a sudden, we've got South Korea, Thailand and Indonesia, so we're going to expand our universe there."

His Asia stake is already up to 12 percent, and will likely double by year's end.

Mr. Adams's fund is also atypical in that it has only 30 percent of its $215 million portfolio in Latin America, half that of most funds, while Russia, at 18 percent, is its biggest country stake.

"Russia is too important to fail, or to devalue," he said. "They don't have to and they shouldn't have to."

Lastly, for investors more interested in yield than total return, ANZ runs a fund that invests exclusively in local currency debt. This new breed of fund focuses on income by locking in high rates on short-dated government securities. Current holdings include government paper denominated in Turkish lire, yielding in the high teens on an annualized basis, and debt in South Korean won and Jamaican dollars.

For further information:

- ANZ EMERGING MARKET LIQUID INVESTMENT PORTFOLIO and ANZ LOCAL CURRENCY DEBT PORTFOLIO. A minimum investment of $25 000 is required. Telephone: 44 171 378 2995
- ING INTERNATIONAL EMERGING MARKETS DEBT FUND. Telephone: 352 31 661 1348
- MORGAN STANLEY EMERGING MARKETS DEBT. Telephone: 1 212 296 7200, or, toll-free in the United States, 1 800 221 6727. The fund is listed on the New York Stock Exchange.
- MORGAN STANLEY SICAV EMERGING MARKETS DEBT. The fund is restricted to non-U.S. investors. Telephone: 44 171 425 7067.

Issues Pegged to the Stuff of Stars

Continued from Page 18

rector of a famous film, such as "Star Wars," earned $1 million every year for five years from the film, it would be reasonable to assume that the film would continue to earn him money for the foreseeable future.

If I did arrange a transaction where the future conduct of an artist could have an effect on the value of the bond, I would have to factor this into the valuation process. It may be that I would insure the individual's life, or take out an insurance policy against moral turpitude. In this business, all issues are solvable.

•

Q. If recording artists needed money in the past, they simply licensed a record company the rights to their songs and waited for the royalty checks to trickle in. Why are entertainers interested in the type of financial transaction offered by your company?

A. Those who want to diversify their financial holdings or solidify their financial future might be interested in getting a lump sum without a tax event. The income stream pays off the loan and the borrower can get the asset and income stream back. It's a great way to hedge your financial picture.

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Q. Will these bonds be available to private investors? Who will be interested in buying them?

A. Initially the bonds will be bought by institutions, but they will be available to private investors before long.

No two bonds will be the same and any offering will have to be attractive from an investment angle to get people interested. But given the choice between a gas-company bond and a Beatles bond, assuming both products were similar in terms of yield and credit risk, I know which one I would go for. I suspect many other investors will think the same way.

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Herald International Tribune
SPORTS

WORLD ROUNDUP

Pantani Keeps Lead

CYCLING Marco Pantani held onto his lead Friday in the Tour of Italy while a fellow Italian, Gian Matteo Fagnini, clinched his first stage victory.

Close on Pantani's heels — 1 minute, 28 seconds behind — is Pavel Tonkov of Russia, the 1996 Giro winner. The two rode together behind the lead pack Friday to save energy for Saturday's 34-kilometer (21-mile) individual time trial.

Tonkov is expected to defeat Pantani, who is a climbing specialist, in the time trial, and victory will come down to the final seconds. "We are both already thinking of tomorrow's race which will be decisive," Pantani said. "I am sure Tonkov will do all he can to win so it will be tough."

In a slightly longer time trial last week, Tonkov beat Pantani by just over two minutes. However, both racers are now fatigued from 20 days of riding and Saturday is expected to be another scorching hot day. The 22-stage Giro ends Sunday in Milan.

Fagnini won the day's stage — 137 kilometers (85 miles) from Boario Terme, Italy, to Mendrisio, Switzerland — in three hours, 31 minutes and 29 seconds. *(AP)*

Bulgaria Defeats Algeria

SOCCER Hristo Stoichkov scored in the 33d minute and gave the decisive pass in the 84th for the second goal to give Bulgaria a 2-0 victory over Algeria on Friday in the last tune-up match for Bulgaria's World Cup-bound team.

The former Barcelona star striker opened the scoring in the 33th minute on a free-kick from 25 meters. He then passed in the 84th minute to Ivailo Yordanov, who scored from ten meters.

Bulgaria's playmaker, Krasimir Balakov, created several good scoring opportunities for his teammates in the Algerian penalty area, but they missed the goal.

Bulgaria will play in Group D at the World Cup along with Spain, Nigeria and Paraguay. *(AP)*

Holyfield Bout Called Off

BOXING Evander Holyfield never really wanted to fight Henry Akinwande. Now he won't have to.

Their heavyweight title fight was called off Friday, a day before the bout, because Akinwande tested positive for hepatitis B.

Another heavyweight, Ray Mercer, was also scratched from the card for undisclosed medical reasons and Christy Martin's opponent can't fight because she's pregnant.

It was uncertain late Friday whether the card would go forward at all with the aging Roberto Duran as the sole remaining attraction.

Two separate medical tests on Akinwande by the New York State Athletic Commission showed he had hepatitis B. *(AP)*

A Sunny Day for 2 Spaniards

Corretja Routs Pioline and Moya Downs Mantilla in Semifinals

By Christopher Clarey
International Herald Tribune

PARIS — After years of relatively restrained behavior, this has been the French Open of the thrown racket.

When the normally subdued Cedric Pioline smashed one of his against a chair late in the third set on Friday, it merely confirmed what the home crowd of 16,000 already knew.

There were going to be two Spaniards in this year's men's final.

Their names are Carlos Moya and Alex Corretja, and they are more than countrymen; they are friends and frequent practice and dinner partners. On Wednesday night, they and Spain's other men's semifinalist here, Felix Mantilla, went for a stroll on the Champs-Elysees and were photographed dipping three different straws into the same glass at a Parisian ice cream parlor.

It was the sort of camaraderie the Australians and Swedes once made a habit of enjoying when they were dominating men's tennis in less lucrative and secretive times, but when the Spaniards walked on center court on this hot and humid Friday, they were all playing for themselves.

In the first semifinal, the 12th-seeded Moya leaned on his huge forehand and some timely serving to rally from a 4-1 deficit in the third set to defeat the 14th-seeded Mantilla, 5-7, 6-2, 6-4, 6-2. In the second, the 14th-seeded Corretja did not have to rally to defeat the wearier Pioline 6-3, 6-4, 6-2.

THE FRENCH OPEN

"I was doing everything a bit more slowly than usual, but you shouldn't forget that he played an excellent match," said Pioline, the first French men's semifinalist here since 1992 who already had played three five-set matches. "It's a bit of a paradox. We French are the ones with the Grand Slam event on clay, but we are not the specialists on clay. It's the Spanish."

The Spaniards are indeed in their element at Roland Garros. Clay is the predominant surface in Barcelona, where most of the large number of professionals known predictably as "La Armada" live and train when they are not shuttling from tournament site to courtesy car to airport. But to label Moya and Corretja clay- court specialists is misleading.

The 21-year-old Moya, who hails from the Mediterannean island of Majorca, reached the Australian Open final on a hardcourt in 1997 and also has beaten Pete Sampras indoors. "Maybe playing one final in a Grand Slam is coincidence, but I don't think two times is a coincidence," said the long-haired Moya, who has hit the fastest serve of the tournament and doesn't mind coming to net.

The 24-year-old Corretja has yet to beat Sampras indoors, but he pushed him to the brink of elimination and physical breakdown in the quarterfinals of the 1996 U.S. Open, and in March, he reached the semifinals at the prestigious hardcourt event in Key Biscayne, Florida.

With Arantxa Sanchez Vicario in the women's final and Corretja and Moya in the men's final, this is potentially the greatest Grand Slam weekend for Spain since 1994 when Sergi Bruguera beat countrymen Alberto Berasategui to win the men's title at Roland Garros and Sanchez Vicario beat Mary Pierce to win the women's title.

There have been great Spanish players in the past: Manuel Santana, Manuel Orantes and Andres Gimeno to name three. But there has never been a generation like this one. The movement that began with Arantxa's older brother, Emilio, in the 1980s and gathered speed with Bruguera's back-to-back titles at Roland Garros has not lost momentum. Five Spanish men were seeded here, and Bruguera, currently experiencing a crisis of confidence, was not one of them.

"Both Emilio and Sergi showed this generation how to be professional," said Moya's coach, Jose Perlas. "Another reason that Spanish tennis has been successful is that everybody is in Barcelona in one centralized location: players and coaches. It gives us a chance to share ideas and methods. It's a bit of a laboratory."

The flip side is that there are no secrets, and when Moya and Corretja face off on Sunday with their friends and families rubbing elbows and flags in the players' box, the view from either side of the net will look very familiar.

"The most important thing is we're going to be friends if I win or he wins," Corretja said. "I think we have to find our game on the court, and then just enjoy the party."

The Women's Final

Arantxa Sanchez Vicario (4) vs. Monica Seles (6) Two familiar figures who have recommitted themselves to their sport for different reasons. Seles has won nine Grand Slam singles titles and three French Opens; Sanchez Vicario has won three and two. Seles leads their series, 14-2. She has never lost to Sanchez Vicario on clay or in a Grand Slam, beating the Spaniard in the 1991 French Open final, 6-3, 6-4. If both are playing well on Saturday, Seles should win in straight sets again, but if she suffers an emotional letdown after upsetting Hingis or resumes overhitting groundstrokes and underhitting serves, it could turn into the sort of marathon that Sanchez Vicario has made a career of winning.

Lionel Cironneau/The Associated Press

Alex Corretja of Spain relishing his victory over Cedric Pioline on Friday.

Real Quiet Is 6-5 Choice

By Joseph Durso
New York Times Service

NEW YORK — Thirteen horses have been entered in the 130th running of the Belmont Stakes on Saturday, with Real Quiet drawing the No. 8 post position and favored at 6-5 to become the 12th winner of the Triple Crown.

A fair, cool day with a dry, fast track was predicted for Belmont Park when Real Quiet tries to accomplish something that his stablemate, Silver Charm, failed to do last year: sweep the punishing series of Triple Crown races that are contested over five weeks.

Real Quiet won the Kentucky Derby at a mile and one-quarter on May 2, beating Victory Gallop by a half-length, and the Preakness at a mile and three-sixteenths on May 16, this time beating Victory Gallop by two and a quarter lengths. Now he will try to outrun his rivals in the Belmont at a mile and a half, a distance that none of the horses has raced.

Real Quiet's chief threats figure to be one old rival and one new one. The old rival, Victory Gallop, ran second in both the Kentucky Derby and the Preakness and was duly installed as second choice in the field at 7-2. The new rival, Grand Slam, who won the Peter Pan Stakes only 12 days ago, was made the third choice at 6-1.

Bob Baffert, the only trainer to win the Derby and the Preakness in consecutive years, smiled through all the tumult surrounding his colt's rise to the top of the 3-year-old class, and said:

"People came here last year to see history, and it was a letdown. If it's not meant to be this year, we'll come back next year."

And Kent Desormeaux, the jockey on Real Quiet, who attended Thursday's draw ceremony, echoed the party line, saying, "If I can get him comfortable, he'll run them into the ground."

The field of challengers grew by one when Chilito, who ran 11th in the Kentucky Derby, was named before the entry deadline Thursday.

The End of a Stellar NBA Generation

In America / **IAN THOMSEN**

International Herald Tribune

OVER THE remaining week or two, Michael Jordan is going to play in one of the great games the NBA has ever seen — a double-overtime action-adventure epic. He has never been involved in one of those before. Until now, he hasn't been vulnerable enough.

Americans sense that Jordan has taken on a special, almost sentimental role for these NBA Finals. They're staying up past midnight to see how he's doing. Next year it will be nothing like this — they will feel neither the urgency nor the warmth for whoever inherits his place.

The NBA, the American television networks, the shoe companies and the other sponsors have been trying to give names to a new generation of stars. But these NBA playoffs have proved what most of us knew on faith — that this marks the end of a stellar NBA generation.

In the sports bible the NBA was regenerated by Magic Johnson and Larry Bird in the early 1980s. After slaying Dr. J's 76ers, Bird's Celtics begat Isiah Thomas's Detroit Pistons. And so it was that Magic slew Bird and Isiah slew Magic and Jordan slew everybody. And then nothing new happened.

When Jordan, bored, tried another sport for a couple of years, he wasn't replaced by a younger, faster, more vital heir. When Jordan returned to the NBA he found nothing had changed.

The recent playoffs have been difficult for Jordan, but it isn't because the young players have been knocking him around. In the NBA semifinals, the Bulls were pushed to a seventh game by an Indiana Pacers team of old men from Jordan's generation, coached by none other than Bird.

The sixth and seventh games of that series were of a standard that the NBA produced regularly a decade ago. Both teams cared, but it was more than that — they both had the skills to express their sincerity. They expressed it religiously.

The younger players express themselves commercially.

Watching these finals is the final parting proof of the qualities of Jordan's generation, with its own Babe Ruths, Ty Cobbs, Lou Gehrigs.

Among the Bulls and the Jazz are the NBA's best players at four of the five positions. John Stockton, at 36, is still the most effective point guard, and his Utah teammate, Karl Malone, is a power forward in a comic superhero's body at the age of 34.

Jordan, 35, and Scottie Pippen, 32, are the best at their interchangeable positions of shooting guard and small forward. And Dennis Rodman, at 37, remains the best rebounder in the game.

Bird was 29 when he won his last championship, as was Magic, as was Thomas. But nobody has come along to supplant Jordan and the other old men currently at the top of the game.

Why are the stars of the younger generation unable to succeed? Is it because they are guaranteed dozens of millions of dollars early in their careers, not for anything they've accomplished but because of what they might do? Have they been taught to rationalize success in ways other than NBA championships?

There will be plenty of time for complaining when Jordan is gone. He may have only a week or two left to play, but there is a feeling that his best is yet to come.

Ian Thomsen is a senior writer at Sports Illustrated magazine.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
New York	41	13	.759	—
Boston	34	22	.596	8½
Toronto	30	29	.508	13½
Baltimore	28	31	.475	15½
Tampa Bay	25	33	.431	18

CENTRAL DIVISION

	W	L	Pct.	GB
Cleveland	35	23	.603	—
Minnesota	26	31	.456	8½
Chicago	24	33	.421	10½
Detroit	21	34	.382	12½
Kansas City	21	36	.368	13½

WEST DIVISION

	W	L	Pct.	GB
Texas	35	23	.603	—
Anaheim	31	26	.544	3½
Seattle	36	33	.441	9½
Oakland	24	33	.421	10½

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	42	18	.700	—
New York	31	23	.574	8
Philadelphia	26	30	.464	14
Montreal	22	36	.379	19
Florida	17	41	.293	24

CENTRAL DIVISION

	W	L	Pct.	GB
Houston	35	23	.603	—
Chicago	34	24	.586	1
St. Louis	29	29	.500	6
Milwaukee	28	28	.500	6
Pittsburgh	29	30	.492	6½
Cincinnati	27	33	.450	9

WEST DIVISION

	W	L	Pct.	GB
San Diego	37	23	.617	—
San Francisco	36	24	.600	1
Los Angeles	29	30	.492	7½
Colorado	26	34	.433	11
Arizona	19	41	.317	18

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Detroit	000	202	200	—6	8	0
Toronto	202	030	02x	—9	12	1

Moehler, Sager (5), Runyan (7), Brocail (7) and Baka; W.Williams, Plesac (7), Quantrill (7), Ro.Myers (9) and K. L.Brown. W—W. Williams, 7-2. L—Moehler, 5-5. Sv—Ro.Myers (14). HRs—Detroit, To.Clark (9), Easley (17). Toronto, S. Green (11), C. Delgado (7).

Chicago	020	003	110	—7	12	0
Kansas City	000	000	100	—1	8	0

Navarro and Kreuter; Rusch, Pittsley (7), Service (9) and M.Sweeney. W—Navarro, 5-6. L—Rusch, 3-8. HR—Chicago, J. Abbott (5).

Texas	000	100	000	—1	5	0
Oakland	000	010	32x	—6	9	0

Helling, X. Hernandez (8) and Haselman; Haynes, Taylor (8) and Macfarlane. W—Haynes, 4-2. L—Helling, 7-3. Sv—Taylor (10). HR—Oakland, Henderson (6).

Baltimore	000	000	100	—1	8	1
Boston	120	002	31x	—9	14	0

Ponson, Charlton (6), R. Lewis (7), Munoz (8) and Hoiles; Saberhagen, Wasdin (8) and Hatteberg. W—Saberhagen, 7-3. L—Ponson, 0-3. HRs—Baltimore, Surhoff (9). Boston, D. Lewis (3).

Tampa Bay	001	000	000	—1	6	0
New York	022	100	10x	—6	11	0

D.Springer, Mecir (8) and DiFelice; Irabu, Lloyd (8) and Girardi. W—Irabu, 5-1. L—D. Springer, 2-9. HR—New York, O'Neill (6).

Cleveland	000	300	000	—3	7	1
Minnesota	010	000	010	—2	10	0

Gooden, Vitione (7), Plunk (7), Assenmacher (8), Mesa (8), M.Jackson (9) and Borders; Radke, Swindell (8), Trombley (9) and Steinbach. W—Gooden, 1-2. L—Radke, 7-4. Sv—M.Jackson (13). HRs—Cleveland, Thome (14). Minnesota, Nixon (1), M. Cordova (3).

Anaheim	001	200	111	—6	12	1
Seattle	200	000	000	—2	6	0

K.Hill, Haltz (8), Hasegawa (8) and Walbeck; Cloude, McCarthy (7), Timlin (8), Ayala (9) and D. Wilson. W—K. Hill 8-4. L—Cloude 3-4. Sv—Hasegawa (1). HRs—Anaheim, Erstad (13), DiSarcina (2). Seattle, Griffey Jr. (22).

NATIONAL LEAGUE

Houston	000	000	001	—1	8	1
San Diego	200	010	22x	—5	6	0

Hampton, Magnante (7), Scanlan (8) and Ausmus; Ashby and C.Hernandez. W—Ashby, 7-4. L—Hampton, 7-3. HRs—Houston, Alou (12). San Diego, G. Vaughn (20).

Arizona	000	011	000	—2	4	0
Colorado	101	102	00x	—5	12	0

Daal, Telemaco (7), Sadowsky (8) and Stinnett; Thomson and Manwaring. W—Thomson, 5-5. L—Daal, 1-4. HRs—Arizona, J. Bell (8). Colorado, Bichette (7).

St. Louis	010	010	000	—2	7	0
Los Angeles	000	001	01x	—3	9	0

Acevedo, Frascatore (4), C. King (6), Brantley (9) and Lampkin; Park, Guthrie (8), Radinsky (9) and C. Johnson. W—Radinsky, 2-2. L—Brantley, 0-2.

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct	GB
Hiroshima	27	19	0	.587	—
Yomiuri	27	22	0	.551	1½
Chunichi	24	21	0	.533	2½
Yokohama	23	21	0	.523	3
Hanshin	18	26	0	.409	8
Yakult	17	27	0	.386	9

PACIFIC LEAGUE

	W	L	T	Pct	GB
Nippon Ham	26	19	0	.578	—
Daiei	25	20	0	.556	1
Kintetsu	23	21	0	.523	2½
Seibu	22	23	0	.489	4
Lotte	20	23	0	.465	5
Orix	17	27	0	.386	8½

FRIDAY RESULTS

CENTRAL LEAGUE

Yomiuri 1, Chunichi 0

PACIFIC LEAGUE

Kintetsu 6, Daiei 0
Seibu 4, Orix 2
Nippon Ham 5, Lotte 4

BASKETBALL

WOMEN'S WORLD CHAMPS

IN BERLIN, GERMANY

QUARTERFINALS

United States 89, Slovakia 62
Brazil 72, Lithuania 70

16TH PLACE
Argentina 73, Congo 52

13TH PLACE
South Korea 74, Senegal 70

ICE HOCKEY

NHL PLAYOFFS

EASTERN CONFERENCE FINAL

THURSDAY RESULT

Washington	0	1	1—3
Buffalo	0	1	0—2

First Period: None. Second Period: B-Peca 3 (Ward, Varada) 2. W-Tikkanen 3 (Tinordi, Miller) Third Period: B-Kruse 1 (Boughner, Primeau) 4. W-Bondra 6 (Nikolishin) (pp). Overtime: 5. W-Juneau 6 (Bellows, Oates) Shots on goal: W- 10-10-13-5—38. B- 16-15-7-3—41. Goalies: W-Kolzig. B-Hasek.
Washington wins series 4-2.

CRICKET

ENGLAND VS. SOUTH AFRICA

FIRST TEST, SECOND DAY

FRIDAY IN BIRMINGHAM, ENGLAND

England: 462 all out

SRI LANKA VS. NEW ZEALAND

SECOND TEST, THIRD DAY

FRIDAY IN GALLE, SRI LANKA

New Zealand: 193
Sri Lanka: 197-3

CYCLING

GIRO D'ITALIA

Leading positions in 20th stage, 137 kilometers (85 miles), from Boario Terme, Italy, to Mendrisio, Switzerland:

1. Gian Matteo Fagnini, Italy, Saeco, three hours, 31:29 minutes
2. Mariano Piccoli, Italy, Brescialat, s.t.
3. Wladimir Belli, Italy, Festina, s.t.
4. Gabriele Colombo, Italy, Bofrost, s.t.
5. Davide Rebellin, Italy, Team Polti, s.t.
6. Alexandre Shefer, Kazakhstan, Asics, s.t.
7. Felice Puttini, Switzerland, Ros Mary, s.t.
8. Federico Proietti, Italy, Amore e Vita, s.t.
9. Paolo Lanfranchi, Italy, Mapei, s.t.
10. Daniele De Paoli, Italy, Ros Mary, s.t.

OVERALL: 1. Marco Pantani, Italy, Mercatone Uno, 95 hours, 10 minutes, 15 seconds; 2 Pavel Tonkov, Russia, Mapei, at 1:28; 3. Giuseppe Guerini, Italy, Team Polti, 5:11; 4. Oskar Camenzind, Switzerland, Mapei, 11:32; 5. Nicola Miceli, Italy, Riso Scotti, 14:23; 6. Daniel Clavero, Spain, Vitalicio Seguros, 16:15; 7. Gianni Faresin, Italy, Mapei, 16:57; 8. De Paoli, 18:41; 9. Paolo Beffini, Italy, Asics, 19:10; 10. Paolo Savoldelli, Italy, Saeco, 25:09.

RUGBY LEAGUE

STATE OF ORIGIN

IN BRISBANE, AUSTRALIA

New South Wales 26, Queensland 10
Three-match series tied 1-1.

SOCCER

EUROPEAN CHAMPIONSHIP

GROUP 9 NINE

Estonia 5, Faroe Islands 0

FRIENDLY INTERNATIONALS

Chile 1, Morocco 1
Cameroon 2, Denmark 1
Bulgaria 2, Algeria 0
Finland 0, France 1

MAJOR LEAGUE SOCCER

Los Angeles 8, Dallas 1

STANDINGS: Eastern Conference: D.C. 28 points, Columbus 21; NY-NJ 16; Miami 11; New England 10; Tampa Bay 9. Western Conference: L.A. 31 points; Dallas 17; Chicago 16; San Jose 15; Colorado 11; Kansas City 11.

TENNIS

FRENCH OPEN

FRIDAY IN PARIS, FRANCE

WOMEN'S DOUBLES

SEMIFINAL

Lindsay Davenport, U.S., and Natasha Zvereva (1), Belarus, def. Anna Kournikova, Rus., and Larisa Neiland (8), Latvia, 6-3, 6-2.

Martina Hingis, Switz., and Jana Novotna (2), Czech R., def. A. Sanchez Vicario, Sp., and Helena Sukova (3), Czech R., 7-5, 7-6 (7-2).

MIXED DOUBLES

FINAL

Venus Williams, and Justin Gimelstob, U.S., def. Serena Williams, U.S., and Luis Lobo, Argentina, 6-4, 6-4.

MEN'S SINGLES

SEMIFINALS

Carlos Moya (12), Spain, def. Felix Mantilla (15), Spain, 5-7, 6-2, 6-4, 6-2.

Alex Corretja (14), Spain, def. Cedric Pioline, France, 6-3, 6-4, 6-2.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

ANAHEIM—Optioned INF Frank Bolick to Vancouver, PCL. Recalled OF Orlando Palmeiro from Vancouver.

BOSTON—Put RHP Dennis Eckersley on 15-day disabled list. Recalled RHP John Wasdin from Pawtucket, IL.

NEW YORK—Put SS Derek Jeter on 15-day disabled list. Assigned RHP Joe Lisio to Norwich, EL.

OAKLAND—Recalled RHP Jay Witasick from Edmonton, PCL. Sent OF Jack Voigt outright to Edmonton.

TEXAS—Assigned RHP Rodney Allen to Savannah, SAL.

TORONTO—Signed C Michal Kreniblas and assigned him to St. Catharines, NY-PL, and RHP Jarrod Kingrey and OF Justin Davies and assigned them to Medicine Hat, PL.

NATIONAL LEAGUE

ARIZONA—Traded RHP Scott Brow and RHP Joe Lisio to N.Y. Yankees for RHP Willie Banks. Optioned RHP Jeff Suppan and LHP Efrain Valdez to Tucson, PCL. Recalled RHP Bob Wolcott from Tucson.

CINCINNATI—Bought contract of RHP Scott Klingenbeck from Indianapolis, IL.

FLORIDA—Claimed RHP Brian Edmonson off waivers from Atlanta.

LOS ANGELES—Traded RHP Hideo Nomo and RHP Brad Clontz to the N.Y. Mets for RHP Dave Mlicki and RHP Greg McMichael.

SAN DIEGO—Put C Greg Myers on 15-day disabled list. Recalled C Mandy Romero from Las Vegas, PCL.

SAN FRANCISCO—Signed 3B Tony Torcato to minor-league contract.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

GOLDEN STATE—Named Raymond Ridder director of public relations.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

KANSAS CITY—Signed FB Ernest Blackwell to 3-year contract.

SAN FRANCISCO—Signed RB Chuck Levy to 1-year contract.

TAMPA BAY—Signed DT James Cannida and S Shevin Smith.

HOCKEY

NATIONAL HOCKEY LEAGUE

NASHVILLE—Signed D Jayson More.

TORONTO—Agreed to terms with G Marc Robitaille.

COLLEGE

METRO ATLANTIC ATHLETIC CONFERENCE—Named Rev. Harold E. Ridley president and Rev. Paul L. Golden vice president.

RHODE ISLAND COLLEGE—Named Mike Kelley women's basketball coach.

THE WEEK AHEAD

SATURDAY, JUNE 6

AMERICAN FOOTBALL, NFL Europe: Duesseldorf vs. Frankfurt.

ATHLETICS, Buffalo, New York — men, women, U.S. college championships.

BASKETBALL, various sites, Germany — women, World Championship, to June 7.

CRICKET, Colombo, Sri Lanka — Sri Lanka vs. New Zealand, to June 7; Birmingham, England — England vs. South Africa, first test, to June 8.

CYCLING, Giro d'Italia, to June 7.

GOLF, Ware, England — men, English Open, to June 7; Shiboto, Japan — men, JCB Classic, to June 7; Herts, Potomac, Maryland — men, Kemper Open, to June 7; St. Louis, Missouri — women, Michelob Classic, to June 7; Kobe, Japan — women, Mitsubishi Electric Ladies, to June 7; Alpharetta, Georgia — seniors, Nationwide Championship, to June 7.

HANDBALL, Bolzano and Merano, Italy — European Championship, to June 7.

HORSE RACING, Epsom, England — English Derby; Elmont, New York — Belmont Stakes.

MOTOR RACING, Le Mans, France — 24 Hours of Le Mans, to June 7; Greece — Acropolis Rally, to June 9;

RUGBY UNION, Brisbane, Australia — Australia vs. England, test match; Burlington, Vermont — Pacific Rim Championship, United States vs. Canada.

TENNIS, Paris — men, women, French Open, to June 7.

SUNDAY, JUNE 7

AMERICAN FOOTBALL, NFL Europe: Barcelona vs. England; Scotland vs. Amsterdam.

ATHLETICS, Stockholm Marathon; Moscow — Znamensky Classic.

CYCLING, France — Criterium Dauphine Libere, to June.

MOTOR RACING, Montreal, Canada — Formula One, Canadian Grand Prix.

Detroit — Indy-car, Detroit Grand Prix.

SOCCER, Paris — FIFA Congress, election of new president, to June 8.

RUGBY UNION, Tokyo — Pacific Rim Championship, Japan vs. Hong Kong.

MONDAY, JUNE 8

TENNIS, Bologna, Italy — men, Internazionali de Tennis, to June 14; Halle, Germany — men, Gerry Weber Open, to June 14; London — men, Queen's grass court, to June 14; Birmingham, England — women, DFS Classic, to June 14.

TUESDAY, JUNE 9

ATHLETICS, Bratislava, Slovakia — Slovnaft '98.

WEDNESDAY, JUNE 10

SOCCER, various sites, France — World Cup finals, to July 12.

THURSDAY, JUNE 11

GOLF, Sapporo, Japan — Sapporo Tokyu Open, to June 14; Kobe, Japan — Suntory Ladies Open, to June 14; Stoke, Hall, England — men, European Grand Prix, to June 14; Rye, New York — golf, men, Buick Classic, to June 14; Lansing, Michigan — women, Oldsmobile Classic, to June 14.

FRIDAY, JUNE 12

ATHLETICS, Helsinki, Finland — Ericsson Grand Prix, to June 13.

GOLF, Nashville, Tennessee — seniors, BellSouth Senior Classic, to June 14.

SATURDAY, JUNE 13

RUGBY UNION, Bloemfontein, South Africa — South Africa vs. Ireland, 1st test; Sydney, Australia — Australia vs. Scotland, first test.

SUNDAY, JUNE 14

AMERICAN FOOTBALL, NFL Europe: Final.

MOTORCYCLE RACING, Estoril, Portugal — Portuguese Grand Prix.

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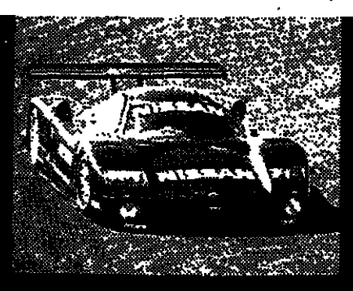

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SPORTS

Capitals, on 24th Try, Reach the Cup Finals

A 3-2 Victory Over 'Best Goalie in World'

By Joe Lapointe
New York Times Service

BUFFALO, New York — For the first time in their 24-year history, the Washington Capitals are going to the Stanley Cup finals.

They earned their berth Thursday night by beating the Buffalo Sabres by 3-2 in overtime to clinch the Eastern Conference finals, 4 games to 2.

Washington's Joe Juneau scored the winning goal at 6 minutes 24 seconds of overtime when he charged toward the crease and knocked a loose puck over the goal line after the Buffalo goalie, Dominic Hasek, failed to cover it. The play was fashioned by Brian Bellows of

NHL PLAYOFFS

the Capitals, who stickhandled around the defense on the left side and fired the first shot against Hasek. Hasek was sprawled in his crease and reaching with the glove on his left hand when Juneau knocked it in.

"We faced the best goalie in the world," Juneau said of Hasek. "It's not easy. The puck just came out, and he had no chance to stop it."

The Capitals will face either Detroit or Dallas in the championship round, which will begin Tuesday night in the arena of the Western Conference winner.

The defeat ended the brilliant season of Dominik Hasek, the Buffalo goalie who led the Czech Republic to the gold medal in the Olympic Games in February. Although Hasek and his teammates are through for the season, he is a finalist for both the Hart and Vezina trophies, given to the league's most valuable player and its best goalie.

Despite Hasek's great efforts this season, the Capitals are also led by a good goalie: Olaf Kolzig. Born in South Africa, raised in several places in Canada and an international player for Germany, Kolzig has been, consistently, the best goalie remaining through the first three rounds of the tournament.

It was the third overtime game of the series; Washington won the first two.

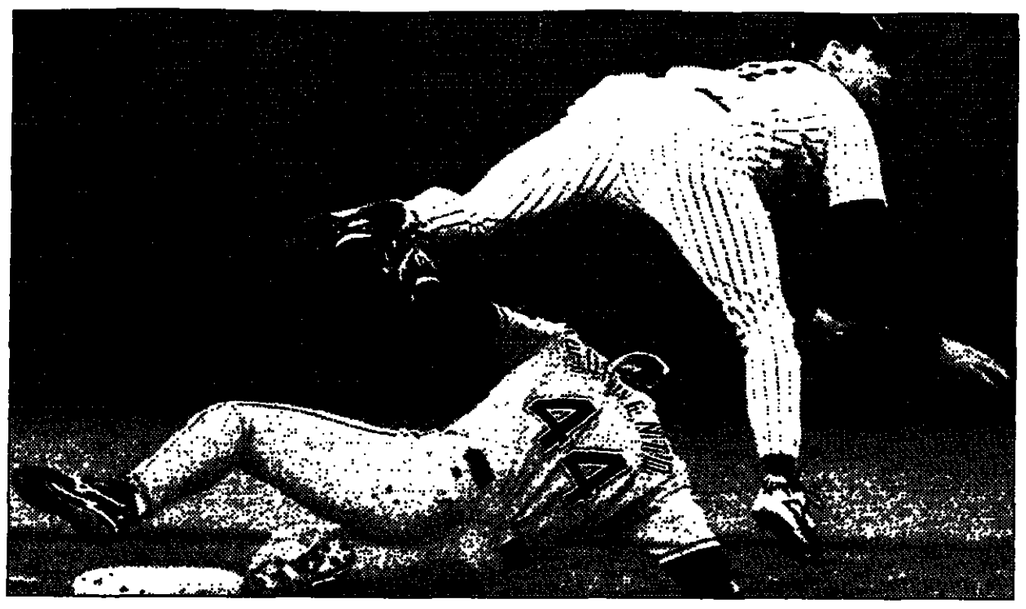
Playing in his first postseason game this spring, Paul Kruse of the Sabres scored at 7 minutes 40 seconds of the third period to break a 1-1 tie. After a long shot by defenseman Bob Boughner, Kruse and his linemates charged and created congestion in front of Kolzig. The puck may have hit Kruse as it passed through.

Washington evened the match at 2-2 at 14:01 on a power-play goal by Peter Bondra.

Geoff Sanderson was in the penalty box for interfering with Dale Hunter of the Capitals, a call that was bitterly protested by the Sabres and their fans. Bondra, uncovered in front of the net, knocked the puck past Hasek as the goalie tried to scramble back into position, from left to right.

After playing a scoreless tie for more than 33 minutes, the teams exchanged even-strength goals within a span of 22 seconds, and the score stood at 1-1 going into the third period. Scoring for Buffalo was Michael Peca, who slapped the puck past Kolzig at 13:04 after a pass from Dixon Ward. The goal finished a rush that formed at the other end after Washington had maintained pressure for an entire shift.

The Capitals got the goal right back at 13:26 when Esa Tikkanen, uncovered next to Hasek's crease, turned in a shot by Mark Tinordi.



Henry Ray Abrams/Agence France-Presse

The Yanks' second-baseman, Chuck Knoblauch, leaping over Tampa's Paul Sorrento to complete a double play.

Gooden Wins His First as an Indian

The Associated Press

Dwight Gooden won for the first time with Cleveland as the Indians beat the Twins in Minneapolis, 3-2.

Gooden (1-2) allowed one run and six hits in six innings on Thursday night. The run was scored on Marty Cordova's second-inning home run.

The 33-year-old pitcher was making his third start of the season after opening the year on the disabled list because of biceps tendinitis. Mike Jackson pitched the ninth for his 13th save.

Blue Jays 9, Tigers 6 In Toronto, Shawn Green and Carlos Delgado hit two-run homers and Ed Sprague had a three-run double as the Blue Jays beat the Tigers. It was Detroit's fifth straight loss. Woody Williams (7-2) won his fourth straight decision despite giving up six runs and seven hits in six innings.

Athletics 6, Rangers 1 Rickey Henderson homered for the third time in as many games and Jimmy Haynes and Bill Taylor combined on a five-hitter, leading Oakland past visiting Texas.

White Sox 7, Royals 1 Jamie Navarro pitched a complete game, giving up eight hits, and Jeff Abbott hit a three-run home run as Chicago beat the Royals in Kansas City.

Red Sox 9, Orioles 1 In Boston, Bret Saberhagen allowed one run in seven innings and Darren Lewis drove in three runs as Boston rebounded from its only shutout loss of the season with a victory over Baltimore.

Saberhagen (7-3) allowed seven hits, walked one and struck out three in his longest outing of the season. Lewis went 3-for-5 with an RBI single that put Bos-

BASEBALL ROUNDUP

ton ahead 3-0 in the second and his third homer of the season, a two-run shot, made it 5-0 in the sixth.

Yankees 6, Devil Rays 1 Hideki Irabu held Tampa Bay to one run in 7⅓ innings, and Bernie Williams was 3-for-4 with two RBIs as New York beat the expansion Devil Rays at Yankee Stadium to extend its winning streak to four games.

Irabu (5-1), who lowered his league-leading ERA to 1.45, had six strikeouts and four walks. Graeme Lloyd got the final five outs. Paul O'Neill homered off Dennis Springer (2-9).

Angels 6, Mariners 2 Darin Erstad and Gary DiSarcina homered as visiting Anaheim won its fifth straight.

Seattle's Ken Griffey Jr. hit his 22d homer of the season, moving ahead of a teammate, Alex Rodriguez, for the AL lead. It was Griffey's third homer in three games.

In the National League:

Padres 5, Astros 1 In San Diego, Andy Ashby became the first big leaguer to pitch three straight complete games this season, and Greg Vaughn hit his 20th homer as the Padres beat Houston.

Dodgers 3, Cardinals 2 Charles Johnson's one-out single in the ninth inning pushed Los Angeles past visiting St. Louis. Jim Eisenreich had a one-out single off Jeff Brantley (0-2), stole second and came home on Johnson's single to left-center.

Rockies 5, Diamondbacks 2 John Thomson retired the first 14 Arizona batters and finished with a four-hitter as host Colorado beat Arizona.

Thomson (5-5) struck out six of the first 14 batters he faced and had a perfect game until Jay Bell homered with two outs in the fifth. Karim Garcia followed with a single, but was caught stealing.

Thomson struck out a career-high 11 in his first complete game of the season and third of his career. Dante Bichette had three RBIs, including a two-run homer off Omar Daal (1-4).

Tobacco Law Gives Drivers A Lift Before Montreal Prix

By Brad Spurgeon
International Herald Tribune

PARIS — Canada's decision on anti-tobacco legislation couldn't have come at a better time for motor racing — just ahead of Sunday's Grand Prix in Montreal.

The announcement earlier this week by Health Minister Allan Rock that the government will postpone a total ban on tobacco advertising for another five years — giving racing teams time to find alternate means of sponsorship — also comes at a time when Canadian drivers have never done better in motor racing.

Their achievements are impressive: In 1995, Jacques Villeneuve became the first Canadian, and the youngest driver ever, to win the IndyCar title and the Indianapolis 500. Last year, he became the first Canadian Formula One world champion.

Greg Moore is in second place in the Championship Auto Racing Teams series, where last year he became the youngest man to win a race, and where Patrick Carpentier was the 1997 Rookie of the Year and Paul Tracy has 13 victories.

Scott Goodyear is known as the most deserving driver never to win the Indy 500, having finished second twice, and been disqualified once while in the lead.

Moore associates their success with "the Crazy Canuck theory," where seemingly nice, polite Canadians are really wild under the surface, especially behind the wheel.

Others, like Pierre Savoy, a racing teacher, credit their driver training grounds. Savoy taught both Villeneuve and Carpentier as teenagers at the Spenard-David Racing School in Shannonville, Ontario, where Moore too was a student.

Both Paul Anderson, president of the Canadian Racing Drivers Association, and Gerry Malloy, an automotive engineer and racing journalist, add to that the tracks at Mont Tremblant, Quebec, and Mosport, Ontario.

"They're two of the most challenging tracks in the world," Malloy said. "If you can master those tracks, you can race anywhere."

Savoy said that the current crop of drivers were inspired by the example of Gilles Villeneuve, the father of Jacques and the first Canadian Formula One hero, who died in a crash in 1982. "And there will now be another wave of young people who are inspired by Jacques' career," he said.

But without the support of the tobacco companies, there would be no Canadian racing heroes. Most were sponsored by Imperial Tobacco Ltd., of Montreal. Its Player's brand cigarettes created a team for Jacques Villeneuve in IndyCar, and without that showcase he would not have gotten to Formula One.

As a result of the Villeneuve success, Player's started its Driver Development Program, directed by Richard Spenard, who co-owned the Shannonville school.

But tobacco money has not yet helped Villeneuve's Williams car. The driver, named Canada's male athlete of the year is hoping recent improvements will give him his first victory this year, and on the track that bears his father's name.

Sportswriter Saw It All

Shirley Povich Covered Ruth and Ripken

By Leonard Shapiro
Washington Post Service

WASHINGTON — Shirley Povich, the prolific and profound sports columnist, war correspondent and sports editor whose elegant work in The Washington Post was mandatory reading in the newspaper for nearly 75 years, died Thursday night of a heart attack. He was 92 years old.

When Mr. Povich's first byline appeared in The Post in 1924, Calvin Coolidge was president of the United States, Walter Johnson was the "Big Train" of the Washington Senators pitching staff and the Washington Redskins had not yet been born. Jack Dempsey was the heavyweight champion of the world, and Lou Gehrig was still on the New York Yankees bench behind the first baseman Wally Pipp.

His last piece, filed to the newspaper from his home Wednesday, appeared on the front page of the Post's sports section Friday.

"This is my comeback column," said Mr. Povich, who had been feeling poorly the last month. He had been slowed by a heart ailment since last October, when he collapsed at a game in Baltimore.

For much of the last 75 years, Mr. Povich was a chronicler of many of the most significant events in the history of sports, from a press box seat covering the Senators' first World Series championship in 1924, to ringside at the long-count Dempsey-Tunney fight in 1927, to the Chicago Bears' 73-0 victory over the Redskins in the 1940 National Football League championship. He debunked the myth that Babe Ruth had pointed to center field for his famous "called shot" home run in the 1932 World Series.

Mr. Povich also witnessed brash, young Cassius Clay's upset of Sonny Liston for the heavyweight title in 1964, was in Munich when 11 Israeli athletes were massacred by Palestinian terrorists at the 1972 Olympic Games, and saw Cal Ripken in 1995 break the Gehrig streak of 2,130 consecutive baseball games played.

"The first thing you say is that Shirley Povich was why people bought the paper," said Ben Bradlee, the retired executive editor of The Post, who first met Mr. Povich in 1948. "You got The Post for Shirley and the sports section. He was the sports section. For a lot of years, he carried the paper, and that's no exaggeration."

Many Inquire, but the Mets Get Nomo

By Murray Chass
New York Times Service

NEW YORK — Two weeks after the New York Mets acquired Mike Piazza from the Los Angeles Dodgers, they reunited him with one of the pitchers he caught every five days, Hideo Nomo.

The Dodgers shipped the Japanese right-hander to the Mets on Thursday night along with a reliever, Brad Clontz. The Mets sent the Dave Mlicki, their No. 5 starting pitcher, and a reliever Greg McMichael, to the Dodgers.

Nomo, whom the Dodgers had designated for assignment following his request to be traded, had a 2-7 record and a 5.05 earned run average in 12 starts this season. He had reportedly hoped he would be traded to the Mets.

According to a source familiar with the development, the pitcher's agent, Don Nomura, told the Dodgers that if they did not trade Nomo to the Mets, he would go home to Japan.

Besides rejoining Piazza, Nomo becomes a teammate of his best friend, Masato Yoshii, another of the Mets' starting pitchers. They will make the Mets the first team in major league history with two Japanese starting pitchers, and New York will have three, including the Yankees' Hideki Irabu.

The Mets have had good starting pitching this season, but Mlicki was the weak link with a 1-4 record and 5.68 ERA.

Nomo, the National League rookie of the year in 1995, has never duplicated that season's performance of 13-6 and 2.54 era. His record has slipped in each succeeding season, reaching 14-12 and 4.25 last season, though he has maintained his strikeout total.

The decision of Fred Claire, the Dodgers' general manager, to designated Nomo for assignment — that meant the Dodgers had to move him within 10 days — was a shocking development, apparently even to Nomo and Nomura, who thought the Dodgers would just proceed with an attempt to trade the 29-year-old native of Osaka.

Claire, however, explained that he took that step because he did not want Nomo pitching for the Dodgers once he publicly declared his desire to be traded. Nomo had planned to disclose that desire at a news conference last Monday, but at that session Claire announced his action.

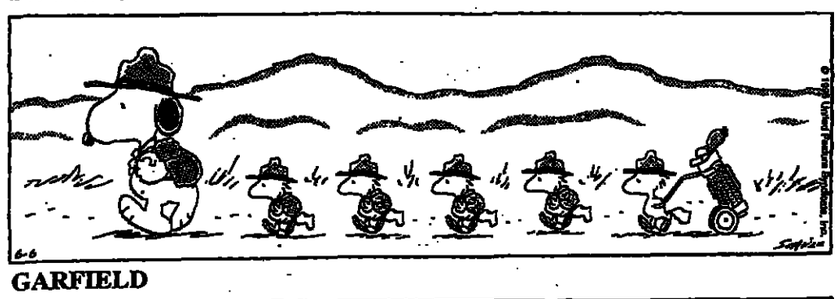
More than half of the 30 major league teams called Claire to inquire about a possible trade, but apparently only a handful seriously pursued Nomo. The Baltimore Orioles were interested, but the Dodgers wanted a starting pitcher in return. Cleveland also was said to have tried to make a deal with the Dodgers.

The Mets willingly included Mlicki in the package, but they did not want to part with McMichael; they would have preferred including John Hudek or Turk Wendell. But the Dodgers wanted a reliever of the caliber of McMichael, and the Mets relented because they wanted Nomo.

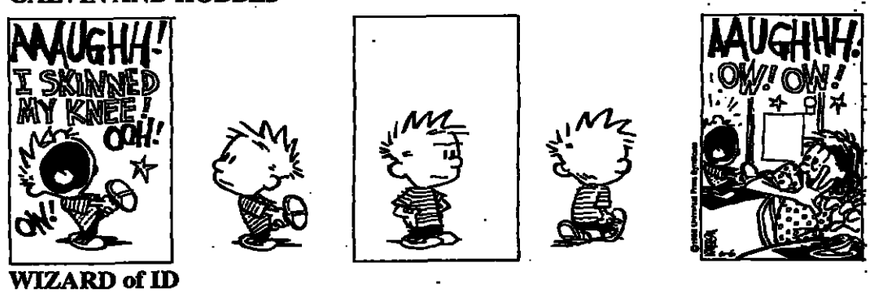
DENNIS THE MENACE

"YOU'D THINK THAT MEATBALLS WOULD BOUNCE HIGHER THAN THAT!"

PEANUTS



CALVIN AND HOBBES



GARFIELD

WIZARD of ID

BEETLE BAILEY

NON SEQUITUR

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DOONESBURY

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

SECAE

COHLT

RHODIA

OPEATT

WHAT THE UNLUCKY FISHERMAN HOOKED.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: HIS "[ ][ ][ ][ ][ ]" [ ][ ][ ][ ][ ][ ] (Answers Monday)

Yesterday's Jumbles: CLOUT SWISH FUTILE VERIFY
Answer: Checking the orchard for apples in the spring is this — FRUITLESS

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DAVE BARRY

It's Travel Tip Time

MIAMI — It's time for Vacation Travel Tips, the feature whose motto is: "Don't let your summer vacation fun be spoiled by a grenade attack!" This year my No. 1 tip is aimed at those of you who are planning to take your summer vacations in Thailand. The tip is as follows: Watch out.

I'm not saying don't go to Thailand. Thailand is a lovely country; in fact, the word "Thailand" means, literally, "land of Thai." I have never been there, but I have seen several pictures of it in National Geographic (unless that was India). Also, I often eat at my local Thai restaurant, where I always order something called "Volcano Chicken," a traditional Thai dish made from a type of chicken that is extremely spicy. On Thai farms, this chicken has to be kept away from the other animals, because every now and then it goes "Cluck!" and bursts into flame. So you should never eat it without beer.

My point is that I love Thailand, and you should definitely vacation there. But you should be aware of an alarming Associated Press news story, sent in by alert reader Brian Kinney, concerning a tragic incident that occurred in Thailand because of gangs fighting over — I swear I am not making this up — bat dung. According to the article, some villagers in an area northeast of Bangkok had been "gathering bat dung in a mountain cave," and when they emerged from the cave "with seven sacks of valuable dung," somebody threw a grenade at them. The story states that Thai police "believe rival dung gatherers were behind the attack." Unfortunately, the story does not answer any of the questions that immediately spring to mind, namely:

'Thailand' means, literally, 'land of Thai.'

1. Is there a rock band called "Rival Bat Dung Gatherers"? 2. Why not?

Seeking to "get to the bottom" of this story, I made an intensive effort to contact the Thai authorities by looking up "Thailand" in the Greater Miami telephone directory. There was a listing for "Thailand Honorary Consulate" but when I called it, I got one of those automated answering systems, which offered seven menu choices, not one of which, if you can believe it, involved bat dung. (There also was no choice for Volcano Chicken.)

So my advice to you is: Go to Thailand! Have fun! But under NO circumstances should you do anything that might give gang members the impression you are planning to gather bat dung. Wherever you go — restaurants, markets, hotels, temples — every few minutes, you should turn to your traveling companion and remark, in a loud voice: "I have no intention of gathering bat dung!" If you have no traveling companion, make a puppet with your hand and talk to it.

Our next Vacation Travel Tip comes from an article in the April 1998 issue of Discover magazine, which was alertly sent in by many readers. The article concerns important research being done at the University of Western Ontario by an insect scientist (or, technically, an "insect scientist") named Stanley Caveney, who is studying an amazing insect called the "skipper caterpillar." The article says the skipper caterpillar has the ability to shoot "fecal pellets" a distance of SIX feet.

Try to avoid high-speed caterpillar doot.

The purpose of this ability is to evade predatory wasps, which locate the caterpillar by zeroing in on the smell of feces. Dr. Caveney has determined that the skipper caterpillar has a sophisticated launching mechanism in its rear end (or, technically, "butt") that involves a buildup of blood pressure until, as Dr. Caveney puts it, "the whole thing explodes, firing the pellet through the air." I bet you're thinking what I'm thinking: Wouldn't it be terrific if we could train these caterpillars to serve as fiercely loyal watchbugs, protecting senior citizens in high-crime areas?

MUGGER: Hand over your money and your dentures!
SENIOR CITIZEN: Get him, Rex!
REX: Phuuut!
MUGGER: Yuck!

I think "Skipper Caterpillar" would be a very strong concept for a children's Saturday-morning show, with numerous spin-off merchandising possibilities, including an action figure with Realistic Launching Action. But that is not my main point. My main point is: If you are planning to take your summer vacation in an area frequented by skipper caterpillars, watch out. I tried to find out where these areas are by contacting Dr. Caveney, but — incredibly — the University of Western Ontario is not listed in the Greater Miami telephone directory.

So your best bet is to assume, no matter where you are, that at any moment you could be hit by a high-speed caterpillar doot, followed, seconds later, by predatory wasps. Other than that, have a fun, fun, fun summer vacation, always bearing in mind that "The Fecal Pellets" would be an excellent name for a rock band.

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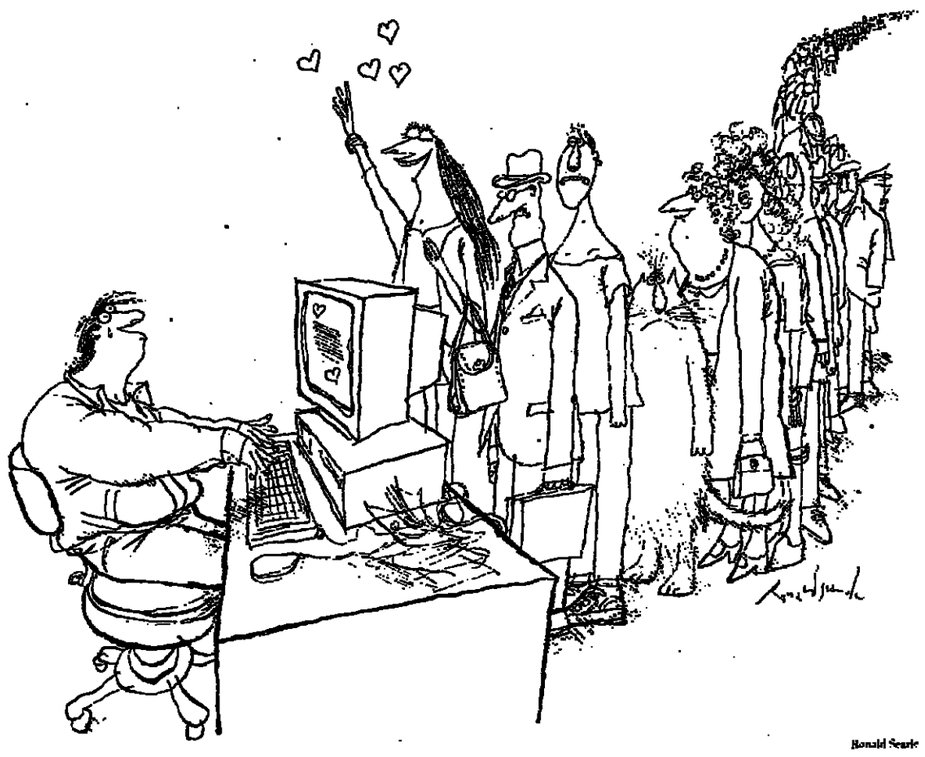
An Elegant Guide Through the French Labyrinth

By Mary Blume
International Herald Tribune



Ronald Searle

PARIS — The old song that said I'm going to sit right down and write myself a letter was dotty enough but at least feasible. In France it is writing to people other than oneself that is so full of traps, from the start — Monsieur/Madame or Cher(e) Monsieur/Madame? — to signing off with *sentiments* or *salutations* or *consideration* that may be distinguished, respectful, cordial or none of the above. Help is needed, and found in the ancient trade of *ecrivain public* or public scribe.

Traditionally, scribes have served the needy illiterate, but these days they tend to help clients through the maze of dealing with France's 5 million bureaucrats. They also write résumés, job applications and, sometimes, love letters.

"Only a few love letters. Maybe five or six a year," says Lionel Bamond, who has been a scribe for six years. "It's a shame because that's what I like best. It's my specialty, I really take time over it." He is the only scribe in St. Germain des Pres, the famed literary quarter a tome's throw from the Academie Francaise. His clientele, he says, is very classy, and he receives them at his computer keyboard in a basement prettily decorated with fake flowers and seven cats. In addition to writing the usual letters, he edits for neighborhood publishing houses, ghosts for businessmen who have to write articles and helps out on theses, memoirs and company reports.

There is no special training or license for scribes, he says. Bamond came to the profession after working as an art auctioneer and a journalist and regards the crowded corner where he taps out his letters in the client's presence as a sort of confessional. "You have to be sharp, attentive. There is always a special emotion, an angle, certain emphases."

His approach is to open the correspondence softly. "I prefer to be nice, mediation is the best first step. I try to de-dramatize, a good arrangement is better than a lawsuit." If he fails, he can send his client to a lawyer or accountant. The tone he chooses varies according to the ministry he is addressing. "If you are writing to the Ministry of the Interior or the police about a question of nationality, the tone should be firm and mention the Rights of Man. With the tax people I prefer a tough approach — with them there is no straight highway, just a spider's web.

"With the president of the republic the protocol is very special. You have to leave a margin of six centimeters, with one and a half spaces between lines so annotations can be made and you should address him in the third person. You begin with 'Monsieur le President de la Republique' and you express respect at the end. You never put an address or the date at the top, just 'Monsieur le President de la Republique' in isolation."

Church dignitaries also require complicated formulae. In fact, the whole carefully coded process sounds as if it could be summarized in a book without the help of a scribe.

No, says Bamond, have you ever seen a book that works? Well yes, and a paperback of 200 model letters is brought out. It includes requests for a recipe from a close friend or a mere acquaintance, a letter staring an intention to disinherit one's children, anniversary greetings to parents, condolence letters of various levels of intimacy and grief, declarations of love (with suggestions for both a cool and enthusiastic response), salutations to cloistered and non-cloistered nuns and consumer complaints ("Monsieur, On opening a tin of your sausages I had the disagreeable surprise . . ."). The letters lack emotion, an angle, emphases.

"A lot of psychology is needed, and social sense. I have a very faithful clientele because I get results and I try to get them through *gentillesse*."

E-mail has added to, rather than taken away from, his business. Bamond could probably be even busier but says there are certain letters he won't write. "I don't write anonymous letters, I don't write insulting letters. I don't like it, I'm a nice chap and I prefer mediation. Mediation works in 90 percent of cases, a letter of insult doesn't."

Bamond wears a gold cross and a pullover with a neckline not unlike a priest's dog collar. "I am happily married with children, I am a Catholic, I sing in a chorale, I do everything to be as balanced as possible."

But don't his religious beliefs sometimes interfere with the letters he is asked to write, the love letters for example? "Not if they express healthy sentiments."

And if they deal with an adulterous relationship? "It is true that I am sometimes confronted with such a situation, but one has to face it."

And if a client is flagrantly lying to the tax people? Here Bamond's face clears. "That's fine because it's a French sport," he says.

PEOPLE

A CHECK written by **Lady Diana Spencer** just before her engagement to **Prince Charles** sold for $3,080 at an auction at R.M. Smythe in New York. The future **Diana, Princess of Wales**, wrote the check for £6 and 50 pence on Jan. 15, 1981, to buy costume jewelry from **Ken Lane**, a London jeweler. The check was never cashed.

□

Bob Denver, the star of "Gilligan's Island," was arrested after a package of marijuana was delivered to his home in Princeton, West Virginia. He was charged with marijuana possession and released on $1,000 bond. "He was very apologetic over the incident and remorseful," a police spokesman said. Denver, 63, could face up to six months in jail and a $1,000 fine if convicted of the misdemeanor. He starred as the hapless mate in "Gilligan's Island" from 1964 through 1967.

□

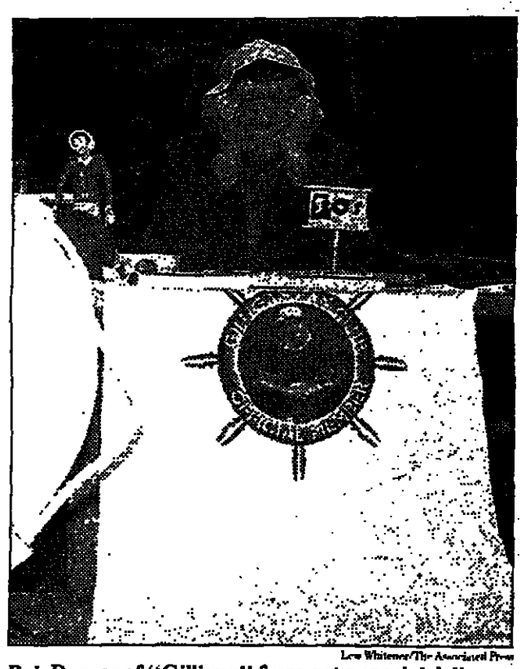
Billy Joel, suffering from asthma, canceled a joint concert with **Elton John** and apologized to the nearly 30,000 fans who had tickets to the show in Manchester, England. At the pair's opening concert, in Glasgow on Tuesday, Joel suffered an acute attack brought on by an upper respiratory infection. The concert will not be rescheduled, but promoters expect the two remaining shows, at Wembley in London this weekend, to go ahead.

□

Lisa Marie Presley, the daughter of **Elvis Presley** and ex-wife of **Michael Jackson**, has signed an exclusive recording contract with Java Records, a joint venture between Capitol Records and the Grammy-winning producer **Glen Ballard**. Her publicist said he didn't know what kind of music she would be doing. A Capitol Records spokeswoman, **Judi Kerr**, was also in the dark. "I have no idea," she said. "I am as intrigued as anybody else."

□

David Crosby, the singer-songwriter who was such a part of the 1960s social consciousness scene, is helping bring to the big screen "Stand and Be Counted," a documentary tracing pop music's role in bringing about social and political changes through the decades. Among those who will be interviewed for the film are **Pete Seeger, Bob Dylan, Joan Baez, Carole King, Bonnie Raitt** and Crosby's former bandmates, **Stephen Stills, Graham Nash** and **Neil Young**.



Lee Whitener/The Associated Press

Bob Denver of "Gilligan" fame got a special delivery.

Swedish King Celebrates 25 Years

Agence France-Presse

STOCKHOLM — Sweden will honor King Carl XVI Gustaf's 25 years on the throne Saturday, with festivities that include a gala concert and dinner and a horse-and-carriage procession through Stockholm.

The 52-year-old monarch technically celebrates his quarter century's reign on Sept. 15. But fearing the festivities would interfere with the nation's general election on Sept. 20, he chose to hold public celebrations on June 6, the national holiday.

As part of the festivities — broadcast live throughout the day on Swedish television — the king, Queen Silvia, Prince Carl Philip and Princess Madeleine will travel by horse-drawn carriage through the city to the Skansen outdoor park for the concert. The dinner at the palace will include 2,000 people, from the country's 286 municipalities.

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